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NEWS SUMMARY

GENERAL

Israeli troops remove settlers

Mr. Menahem Begin, the Israeli Prime Minister, left New York for home, promising to clear up dispute with the Carter Administration over how long Israel agreed to freeze Jewish settlements on the West Bank of the Jordan.

Israeli soldiers yesterday forcibly removed Jewish squatters who had tried to establish an illegal settlement on a barren mountaintop overlooking the Arab town of Nablus. Mr. Dayan, Israeli's Foreign Minister, said elections would be held in the West Bank to choose Palestinians with whom to discuss the region's future.

In Rabat, President Sadat discussed the Camp David agreements with Morocco's King Hassan as part of the Egyptian effort to win Arab support. Mr. Cyrus Vance, U.S. Secretary of State, left Jordan for Saudi Arabia on the second leg of his mission to rally support. In Damascus, the summit of hard-line Arab states considered closer ties with the Soviet Union. Page 4

Flight delays

French air traffic controllers are resuming their work-to-rule from midday today. Airlines hope to prevent a repetition of chaotic conditions that prevailed during the summer peak travel period, but British airport authorities are providing additional seating and extra catering facilities, just in case.

Underworld help

Police said that hardened criminals had offered to help find the killers of 13-year-old newsboy Carl Bridgewater, shot while disturbing raiders at an isolated Staffordshire farmhouse. An appeal fund has been launched by the West Midlands council of the Newsagents' Federation.

Albanian attack

For the first time Mr. Enver Hoxha, the Albanian party leader, has publicly criticised China as a "former socialist country led by a revisionist party which betrayed Marxism-Leninism." He also condemned U.S. imperialism and Soviet social imperialism. Page 3

Nixon welcome

Former U.S. President Richard Nixon, who cancelled a trip to Australia when told that Prime Minister Malcolm Fraser would be too busy to see him, has been invited by the Romanian Government to pay a private visit to Bucharest.

Secrets judge ill

The Official Secrets case retrial, due to start at the Old Bailey on Monday, may have to be postponed, because Mr. Justice Willis has been taken ill.

Arms find charge

Shipping company director George Vassilou was remanded on £10,000 bail in connection with the discovery at a Heathrow airline warehouse of 500 machine-guns bound for Somalia.

Briefly . . .

Florida wine merchant paid £[illegible]00 at Christie's for a bottle of Chateau Lafite 1806—almost £[illegible] a glass. Page 8

Health and Social Security Department has asked two market research teams to suggest how its claim forms could be made more comprehensible.

World War II bomb, unearthed by workmen digging beneath an underpass, caused a huge traffic jam on the Paris ring road.

[illegible] RAF personnel were killed when their aircraft came down at [illegible]dale, in the fourth training flight crash in North Yorkshire this year.

Miss Monica Sims, BBC Television head of children's programmes, is to be the new controller of Radio 4.

Prince Charles is to visit the EEC and NATO headquarters in Brussels on November 30 and December 1.

BUSINESS

Equities waver; Gilts up 0.10

● EQUITIES were unsettled by fears of labour unrest after Ford Motor's 5 per cent pay rise offer and developments at BL Cars. The FT 30-share index closed 3.4 down at 525.7.

● GILTS gained in spite of weak demand. The Government Securities Index closed 0.10 up at 70.51.

● STERLING closed 20 points up at $1.9810, while its trade-weighted index ended at 63.1 (63.2). The dollar continued to decline, sinking to record levels against some currencies. Its trade-weighted average depreciation widened to 9.6 (9.3) per cent.

● GOLD rose $2 to reach an all-time closing high of $215⅞.

● WALL STREET was up 2.85 at 860.01 near the close.

Bourse orders steel probe

● CONTROVERSY surrounding the French Government's rescue plan for steel took on a fresh aspect when the Paris Bourse operations commission ordered an inquiry into recent steel share dealings. Page 18

● ACCESS and Barclaycard, the two big bank credit cards, have introduced new protection for their cardholders, in response to pressure from the Office of Fair Trading. Back Page and News Analysis, Page 6

● PRIVATE group of Mr. William Stern, former property tycoon who has become bankrupt with a record £104m of personal debts, lent £458,000 to his wife in the three years before the group's 1974 crash, a statement to creditors discloses. Back Page

● UNION officials recommended 2,500 striking Chrysler workers to return to work today after a successful meeting of the Central Arbitration Committee. The strike has paralysed the company's Luton and Dunstable truck plants. Page 8

● RATE of return on capital employed by UK companies improved in real terms last year to 4.5 per cent from 3.5 per cent in 1976, according to the official magazine Trade and Industry. Page 8

● FRESH bid to save the Kirkby Manufacturing and Engineering Workers' Co-operative on Merseyside is being made after London talks yesterday with co-operative leaders and Industry Minister Mr. Alan Williams. Page 6

● SERIOUS over-capacity in the carpet industry and weak consumer demand has hit manufacturers and distributors, according to a study of nearly 100 companies. Page 7

● OIL FIELD has been discovered in the Bass Strait off the coast of Victoria, which already supplies nearly 70 per cent of Australia's crude oil requirements. Page 26

● FOREIGN companies may soon be allowed to participate in tenders for the supply of goods to Japan's major state corporations, the Japanese Government has hinted. Page 5

● CHINESE Government has made it clear that it will buy Western equipment and advice to aid the development of its telecommunications system. Page 5

COMPANIES

● WILLIAM BAIRD, a textile and industrial holdings group, announced a £31m share and cash bid for the shares it does not already own of Dawson International, a luxury knitwear manufacturer based in Scotland. Back Page

● HAROLD PERRY MOTORS pre-tax profits for the first half of 1978 increased to £2.19m from the £1.49m recorded in the same period last year. Page 20

● DELTA METAL COMPANY pre-tax profits advanced by £1.31m to £14.72m in the first half of 1978. Page 20

Ford workers begin striking as 5% pay offer is made

BY ALAN PIKE, LABOUR CORRESPONDENT

A 5 per cent pay offer in line with Government guidelines to 57,000 Ford manual workers met with immediate strike action yesterday.

Within hours of the management's making its offer to union representatives in London 2,500 workers at the Halewood body plant, Liverpool, and 500 at the company's Southampton factory had stopped work.

The position was somewhat confused last night as the company waited to see the reaction of men on night shift, but it appears that the Halewood workers intend to remain on indefinite strike in support of the Ford unions' claim for £20-a-week increases.

This would quickly bring Escort production at the neighbouring assembly plant to a standstill.

Official trade union reaction to the company's offer, which shop stewards found deeply disappointing, will be determined at a meeting of the trade union negotiators today.

The reaction of the men at Halewood and Southampton will strengthen the hand of some shop stewards who were saying yesterday that there was no point in beginning detailed negotiations with the company until it was prepared to move beyond the 5 per cent barrier.

Mr. Ron Todd, national organiser of the Transport and General Workers' Union and chairman of the union negotiators, will be try persuade his colleagues today to keep talking to the company and to explore further the offer yesterday by the management of a productivity deal.

If the unions broke off negotiations at this initial stage a much more widespread dispute than yesterday's guerrilla walkouts would result.

Mr. Todd said after hearing the Ford offer that to describe his reaction as disappointed was "the understatement of the year," but it was only the start of negotiations. "We have told Ford we want to negotiate through free collective bargaining in an unfettered spirit on the ability of the company to meet the claim."

Productivity

Mr. Paul Roots, Ford employee relations director, told union negotiators that the company was prepared to offer increases of 5 per cent plus productivity payments. Details of the proposed productivity scheme have not yet been tabled.

Ford has not been enthusiastic about incentive schemes in the past, but this is the only area in which it can offer more than 5 per cent without running foul of Government policy.

At yesterday's meeting Mr. Roots told union representatives that they might feel incomes policy constraints were something for the company alone to worry about, but Government sanctions would also have a serious impact on employees.

"We would not be sitting here talking about how to create new jobs, but desperately seeking to preserve the ones we have."

Ford has clearly given careful consideration to the possible impact of any sanctions the Government might take. The company supplies 25,000 vehicles a year to Government Departments, the equivalent of about a month's production at its Dagenham plant.

Mr. Roots also took a firm line against the demand for a 35-hour working week, which forms another important element in the unions' claim.

The company, he said, could not accept the "bland assumption" in the claim that the phased introduction of the shorter working wek would not result in major problems.

Overmanning was already a very serious problem in the company, and some way of improving performance within the existing pattern of hours was needed. A reduction in hours "in one company, in one country, in isolation" would undermine its ability to remain competitive.

Ford calculates that the unions' claim, even without the costs of reducing the working week, would add atl east 60 per cent to labour costs.

The unions justify their demands by what they believe is the company's ability to pay. Pre-tax profits rose from £121.6m in 1976 to £246.1m last year.

Engineering companies face problems over Phase Four

Back Page

European 'D-mark zone' warning by Healey

BY JUREK MARTIN AND PETER RIDDELL MONTREAL, Sept. 21.

ANY NEW European monetary system should be significantly different from the existing Common Market joint currency float, according to Mr. Denis Healey, Chancellor of the Exchequer.

Speaking after an address last night to the Commonwealth Finance Ministers meeting here, Mr. Healey argued against a "D-Mark zone" in Europe.

He explained that Britain could not favour any system which restricted growth, which weakened the role of the International Monetary Fund, or which imposed added strains on the dollar.

Mr. Healey left open the question of whether Britain would, in the end, join the proposed new system, following Monday's decision by the other eight Common Market countries in Brussels, to support in principle a tighter and less flexible exchange rate system than the British Government believes to be desirable.

Britain is likely to continue to press in the months ahead for changes in the compromise advanced by Belgium on Monday which uses a basket of currencies to measure divergencies in exchange rates and the so-called parity grid to fix responsibilities for intervention in one currency against another.

It is feared that this could merely be an extension of the present "snake" arrangement.

The precise mechanisms of the new system are not considered likely to settle whether or not Britain joins, but they do make the scheme less acceptable to the British Government.

Despite the latest Bundesbank projections of higher growth in West Germany for the rest of this year, the fear remains that German domination of any new European currency system would militate against prospects of greater economic expansion inside the Community.

It is also felt that France's interest may be more related to short-term advantage of the new regime in relieving pressure on the franc in the next 12 months.

This would avoid adding a further inflationary element as a result of currency depreciation at a time when domestic prices in France are already accelerating.

Although seen as a perfectly rational approach by President Giscard d'Estaing, Britain, it is argued, does not face the same pressures. Any participation by Britain in the scheme would make little difference to the current round of wage talks in the U.K.

There has been a strong political commitment, notably from Mr. James Callaghan, to the cause of currency stability. But the belief is that Britain is in a strong enough economic position, with sufficient official reserves,

Continued on Back Page

Davy in $110m U.S. expansion

BY JAMES BARTHOLOMEW IN LONDON AND JOHN WYLES IN NEW YORK

DAVY INTERNATIONAL, the international process plant contractor, has reached agreement on a large expansion of its U.S. interests through the $110m (£55.5m) acquisition of McKee Corporation, a Cleveland, Ohio, heavy engineering and construction contractor.

Davy's proposed tender offer of $33 a share offers a 33 per cent premium over McKee's New York stock exchange closing price on Wednesday of $24¾.

Mr. R. G. Widman, McKee's chairman and president, said yesterday he was "very pleased" about the proposed combination, which would be recommended to the company's board at a meeting later this week.

Davy said in London yesterday that McKee was the type of company it had been striving to acquire for many years.

The attractions of McKee are its markets and skills, both of which are considered complementary to those of Davy.

The markets include South America as well as the U.S. Davy already has operations in the U.S., but McKee would make it into a much more significant force there.

Davy has in the past relied to a large extent on exports and the U.S. deal would offer many of the benefits of a large home market.

Although the skills of the two companies are very similar, there are differences which will add to the range of services Davy can offer. McKee would bring to Davy expertise in serving the food and pharmaceutical industries.

The increased size of the combined group is also considered by Davy an advantage as the size of projects on offer around the world continues to grow.

The combined group would still be smaller than Bechtel as well as Brown and Root, two major U.S. contractors, but Davy believes it would be one of the top six in the free world, excluding Japan.

McKee is an acknowledged leader in processing plant design and construction, whose order book and earnings have recently come under pressure.

Continued on Back Page

Gold hits new peak of $215⅞

BY MICHAEL BLANDEN

THE PRICE of gold reached a new peak yesterday amid continuing unrest on the foreign exchange markets.

Lack of confidence in the U.S. dollar led to further demand for gold, and left the price at the close up by $2 an ounce at $215⅞. This followed the overnight rise in New York to $215, and compared with the previous closing peak of $214¾ an ounce in London in mid-August. During the day the price had been even higher.

The weakness of the dollar was again reflected in falls against other leading currencies, though the markets were less hectic than on some recent days.

Some official support appeared to be enough to take the edge off the selling pressure. By the end of trading in European centres, the dollar had picked up from the weakest levels recorded early in the day.

Attention was again centred on the Swiss franc. The dollar dropped to SwFr 1.5 before recovering at the close to SwFr 1.517, compared with the previous day's SwFr 1.5380.

The other strong European currency, the West German D-mark, showed some early weakness but by the close the dollar had slipped back to DM 1.9520 against DM 1.9615 on Wednesday.

The pound reached its best level of $1.9952½ early in the day, and closed at $1.9810 for rise of 20 points. With other European currencies rising more rapidly, this gain was not reflected in the sterling trade-weighted index. This reached 63.3 in the morning, but eased to close at 63.1 compared with 63.2 the previous day.

The dollar's average depreciation as measured by Morgan Guaranty at noon in New York widened from 9.3 per cent to 9.6 per cent.

£ in New York

	Sept. 20	Previous
Spot	$1.9810-9820	$1.9[illegible]30-9[illegible]50
1 month	0.62-0.55 dis	0.56-0.50 dis
3 months	1.35-1.25 dis	1.38-1.32 dis
12 months	5.15-5.05 dis	[illegible]-4.80 dis

Callaghan flies for talks with Kaunda

BY MARTIN DICKSON AND RICHARD EVANS

MR. JAMES CALLAGHAN is to fly to Africa today in an attempt to heal the breach with President Kenneth Kaunda of Zambia over Britain's attitude to Rhodesian oil sanctions.

Mr. Callaghan is anxious to repair the damage to the two countries' relations following publication earlier this week of the Bingham report which showed that the British government knew in 1968 that sanctions had been broken by UK oil companies. He is expected to offer Zambia more aid to counter some of the adverse effects of sanctions when the two leaders met in the northern Nigerian city of Kano.

At a lengthy meeting yesterday, the Cabinet discussed the


President Kaunda: accused Britain of cheating

Bingham report and agreed to conduct a further detailed inquiry into sanctions-breaking. The form of the inquiry is still under discussion and will be decided at a further meeting of Ministers next week.

There are substantial drawbacks in the setting up of a formal Tribunal of Inquiry because key witnesses would by tradition not then be subject to prosecution and the Bingham report has been referred to the Director of Public Prosecutions.

However, there is now little doubt that a detailed inquiry of some sort will be instituted at which Ministers and senior civil servants will be required to give evidence, as well as oil company executives.

In recent weeks President Kaunda has repeatedly accused successive British governments of "cheating" Zambia by failing to enforce sanctions and he has even threatened to take unspecified retaliatory action. The Bingham report can only have increased his anger.

A meeting between the Prime Minister and the Zambian leader was suggested by President Kaunda earlier this week and was confirmed in a telephone call from Mr. Callaghan on Wednesday.

Mr. Callaghan suggested Kano as a venue, it being neutral territory, roughly equidistant from London and Lusaka, where the two leaders can talk free from other pressures. They will be accompanied by their Foreign Ministers, Dr. David Owen and Dr. Siteke Mwale.

Although there is no formal agenda for the Kano meeting, the Bingham report, the deteriorating position in Rhodesia and the prospects for the Anglo-American peace initiative will be high on the agenda. So too will be South Africa's rejection of the United Nations' proposals for Namibia and Zambia's severe domestic economic problems.

The country has been particularly hard hit by the operation of sanctions. Mr. Callaghan is expected to offer more aid in compensation following a meeting of Ministers after yesterday's Cabinet attended by Mrs. Judith Hart, the Minister of Overseas Development. Britain is already expected to give Zambia aid worth £22.7m in 1978-79.

Mr. Callaghan's flight to Africa may help bolster the domestic image of President Kaunda. The Zambian leader—and Black Africa in general—will also want to be assured that the Prime Minister's trip is not simply a cosmetic gesture of concern after the event.

Mr. Callaghan and Dr. Owen will leave London this morning after a breakfast meeting with Mr. Menahem Begin, the Israeli Prime Minister, who will be on route from the Middle East peace talks at Camp David.

Our Lusaka correspondent adds: President Kaunda will be travelling to Nigeria only slightly mollified by Mr. Callaghan's willingness to meet him at short notice.

The Zambian leader argues that, without the oil, the Rhodesian armed forces would have ground to a halt long ago, sparing his landlocked nation the human and material losses it has incurred as a result of the closure of the border with Rhodesia and the observation of sanctions.

Significantly, Mr. John Mwanakatwe, the Finance Minister, this week revised his estimate of Zambia's re-routing and sanctions costs from £480m claimed by the UN to more than £640m over the past five years.

Dr. Kaunda will be seeking some form of reassurance in Kano that what he has called "cheating" by British governments has stopped. He is likely to demand concrete proof of this, possibly in the form of some kind of compensation and in a tougher British line towards Pretoria and Salisbury on the Namibia and Rhodesia disputes.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			FALLS		
Exchq. 12pc '13-17	£98¼	+ ¼	Bourne Hollingsworth	225	− 92
Ambers Stores	138	+ 6	Brown (J.)	478	− 6
[illegible]r and WAT A	160	+ 16	City Hotels	137	− 5
[illegible]tima	39	+ 5	EMI	163	− 6
[illegible]ken Hill Prop.	765	+ 50	Perry (H.)	130	− 7
[illegible]tain (R.)	252	+ 10	Randalls	100	− 6
[illegible] Elect.	189	+ 10	Stone-Platt	108	− 5
[illegible]arty (E.)	185	+ 9	Thorn Elect.	383	− 5
[illegible]pperrods	72	+ 9	Siebens (UK)	370	− 10
[illegible]y Prop.	358	+ 10	Pancontinental	£11¼	− 1
[illegible] Thomson Cnv.Pf.	246	+ 6	Peko-Wallsend	536	− 12
[illegible]ell (Y. J.)	123	+ 14	RTZ	241	− 9
[illegible]land Educational	187	+ 12	Tara Exploration	825	− 40
[illegible]ins	154	+ 6			
[illegible]somes Sims	172	+ 17			
[illegible] Furniture	134	+ 5			
Stewart Plastics	155	+ 8			
Wadkin	156	+ 8			
Wilkinson Warburton	90	+ 12			
LASMO	146	+ 6			
President Steyn	987	+ 25			
Western Hldgs.	£21½	+ ½			

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EUROPEAN NEWS

OECD to set up world steel industry committee

BY ROBERT MAUTHNER

PARIS, Sept. 21.

STEEL PRODUCERS in the developing world will be associated with the traditional steel-making countries in a new permanent committee to be set up by the OECD to deal specifically with crises in the world steel industry.

The agreement to set up the committee, which will replace the existing OECD "ad hoc" steel group, was reached by senior officials today. It is expected to be approved formally by the council of the 24-nation organisation at its next meeting in two or three weeks.

The new committee, it is hoped, will hold its first meeting at the end of October or beginning of November.

It will be made up of senior officials "with some political responsibility," according to authoritative sources, and will be given a broad mandate to discuss steel industry crises.

The intention is that the committee should not become bogged down in routine problems.

The move to include a limited number of steel producers from the Third World is explained by the growing threat which these countries pose to Western steel industries.

Japan had strong reservations *about bringing in developing* countries, but finally bowed to pressure of the other OECD members, particularly the U.S.

Setting up the committee would have had little point unless it provided for consultations with developing countries who are taking an increasing share of the world's steel market, U.S. sources indicated.

Which and how many developing countries will be invited to take part has not yet been disclosed. But it is generally expected here that the number will be limited to three or four, including Brazil, South Korea and India.

The U.S. sources expressed scepticism on yesterday's statement by Viscount Etienne Davignon, EEC Industry Commissioner, that the 72 per cent jump in EEC steel exports to the US in July was an isolated phenomenon.

While they hoped that Viscount Davignon was right, they warned that if the trend continued through the third quarter of this year, the reaction of U.S. steelmakers would be "quite strong—and rightly so."

Meanwhile, the sources confirmed that the U.S. trigger price for steel—a minimum import price which, if not respected, can lead to imposition of anti-dumping duties—would be raised by 4.8 per cent next month.

French steel rescue—Page 18

A charge is as good as arrest

By David Curry

PARIS, Sept. 21.

M. LUCIEN BICHET ought to be the toast of the Government. Not only does he represent that most cherished of French sectors — small business — but his company, employing about 160, operates in the Vosges in eastern France, a region suffering from large-scale loss of textile jobs.

But unfortunately M. Bichet is far from beloved of the Department of the Vosges' *director of labour and manpower*. In fact, he is being summoned before the local tribunal to answer for his sins.

His specific sin is to have transgressed the labour laws passed in 1936 by the Popular *Front* ......Government — an administration warmer in the memory than it was in real life. This law established the five-day working week.

And M. Bichet, deciding that it would be nice if everyone *had a long* week-end, last December offered the workers in his jewellery factory the chance of working four 10-hour days per week.

All but two workers accepted the offer. But the local *Communist cell saw it all* as a capitalist plot. "It is over-exploitation at the expense of health and family-life," it declared piously.

The workers, none of whom belong to a union, have signed a *petition supporting their* employer, who risks substantial fines. "They can work on Friday if they want to," M. Bichet remarked. "I leave the factory open."

In any case, he added, producing *his trump* card, "my system permits me to save 20 per cent on my energy bill. It is government policy to economise, isn't it?" he asked mischievously.

For M. Lionel Stoleru, state secretary at the Labour Ministry M. Bichet is an embarrassment. "It shows that we need to make the law more flexible," he commented rather lamely.

M. Robert Boulin, the Labour Minister, was more direct. "We'll see how the law should be applied," he declared. "Reflection should come before sanction."

M. Bichet appears in court next Friday, an annoying interruption of his long week-end.

Spain to let hotels fix own prices

BY ROBERT GRAHAM

MADRID, Sept. 21.

THE SPANISH Government, in an *important* departure from previous policy, has decided to liberalise hotel prices.

Hotel owners will now be permitted to apply prices they choose themselves, and will only be obliged to notify the Ministry of Commerce and Tourism.

Despite some concern that this will lead to sharp price rises in the Spanish tourist industry next year, the general feeling is that market forces will preclude this.

Hotel owners have been pressing the Government for some time to make such a move.

The existing system of officially controlled prices was designed to consolidate the development of tourism in the 1960s. As such, it served its purpose. The Government now feels that this paternalistic approach *is no longer necessary.*

Officials argue that it also makes more sense for the two most important elements in the business—tour operators and the *hotel owners—to* be allowed to work out price levels between themselves without government interference.

The existing system has allowed some hotel owners to avoid price controls by undisclosed deals with the tour operators, *usually involving* extra payments outside the country.

The Government believes that now when the industry is under pressure from greatly increased overheads, especially wages, liberalisation will stimulate greater efficiency.

The sole limitation on price-fixing under the new regulations concerns the differential between peak and off-season charges. Peak season charges cannot be raised more than 25 *per cent above the off-season* charges.

Prices will be fixed on a calendar year and cannot be altered during the year. In the *case of the Canary Islands*, the calendar year will not be applied, but will run instead from November 1 to October 31.

Thus the Canary Islands tourist industry will be the first to reflect the new pricing policy. (A special year also applies to ski resorts, running from December 1 to November 30.)

The regulations also cover in detail various aspects of price calculation and billing. In pricing full board, the regulations state that hotels cannot charge more than 85 per cent for food out of the total cost of the published prices for breakfast, lunch and dinner.

On down-payments for advance bookings for hotel rooms, a maximum payment of one day will be required for every 10 days booked. For apartments, the maximum permitted will be 25 per cent for one month.

Where a client cancels a booking, 5 *per cent of* the cost will be charged if more than 30 days' notice is given. If less than 30 and more than seven days' notice is given, 50 per cent of the booking will be charged. If less than seven days' notice is given, the booking will be fully charged.

Some attempt also appears to be being made to tighten up on hotel owners providing the client with what has been promised.

Under Article 11 of the new regulations, the company owning a hotel or holiday village is obliged to ensure that the accommodation is provided as specified under the original booking agreement.

Following these new measures, the authorities are expected to revise their existing system of hotel classification, even though no official mention of this has yet been made.

Dutch parties agree on works councils

By Michael van Os

AMSTERDAM, Sept. 21.

DUTCH PREMIER Dries van Agt has worked out a compromise over the controversial issue of industrial democracy which had threatened to split his Centre-Right coalition.

The agreement reached in The Hague over the independence of works councils became a "political" compromise—neither employers nor the unions are happy with it but both the Christian Democratic Party (CDA) and the Right-wing Liberal Party (VVD) have got what they want.

Under *the new-style works* council, trade unions can meet without a company director present, so that a certain degree of independence is assured. But the VVD party was defeated in its bid for a "consultative meeting" to be held before and after the works council session in which a director could participate. Meetings of the council are always chaired by the company director under the current system. They are supposed to advise the Board on important decisions such as mergers, acquisitions, closures, redundancies and senior appointments.

The compromise was reached after a seven-hour meeting in The Hague between CDA and VVD specialists and the *responsible* Cabinet Ministers.

W. German steel orders continue to fluctuate

BY GUY HAWTIN

FRANKFURT, Sept. 21.

THE WILD fluctuations in order levels which have plagued the West German steel industry for most of this year continued last *month.*

Bookings for rolled steel finished products—which had plunged 35 per cent in July—rose 16 per cent in August.

Today's figures published by the Iron and Steel industry's federation, give no real cause for optimism.

August's bookings were running at the rate of the first half-year's monthly average, and this figure was 100,000 tonnes below the monthly average for the first *six months last year.*

The sole reason for the upturn was a surge in bookings from third countries outside the EEC, according to today's statistics. This grouping is dominated by the powerful U.S. market.

Bookings from third countries rose by 62.8 per cent to 744,000 tonnes from the July total of 457,000 tonnes. However, in July, bookings from this market grouping had dropped 42.4 per cent and August's bookings are still well *below June's* 792,000 tonnes.

The figures, which do not include those for semi-finished products, hot rolled broad strip and special steels, show a lack-lustre inflow of orders from West German consumers and a heavy decline in bookings from customers in the European Community.

Total bookings amounted to 1.87m tonnes compared with July's 1.81m tonnes. Orders from the domestic market rose only one per cent from 972,000 tonnes to 982,000.

Orders from EEC customers fell back 20.2 per cent from July's 183,000 tonnes to 146,000 tonnes.

Deliveries, which were 15 per cent up on the previous month's performance, totalled 1,656m tonnes. The industry's order book increased by 5.9 per cent from 3.69m tonnes to 3.91m tonnes.

EEC unemployed

Unemployment in the nine Common Market states rose in August to almost 6m or 5.6 per cent of the working population, according to official EEC statistics released yesterday, Reuter reports from Luxembourg. This compares with about 5.9m jobless, or 5.5 per cent, in the previous month and also in August last year. Belgium had the worst unemployment, with 8 per cent of its workers jobless. Ireland followed with 8.6 per cent, Italy had 6.8 per cent, Britain and Denmark 6.2 per cent each, France 5.3 per cent, Holland 4.5 per cent and West Germany 3.8 per cent.

Naples in need of employment miracle

By Paul Betts

ROME, Sept. 21.

WITH UNFAILING punctuality, the miracle of San Gennaro, the city's patron saint whose coagulated blood liquefies every year, took place before a crowd of some 8,000 in Naples this week, but the miracle did not stretch to the other pressing problems of a *city now virtually at breaking* point, with chronic unemployment.

During the last few days the problem has been highlighted by street riots over the selection of 4,000 out of the city's estimated 150,000 unemployed for special training courses, jointly sponsored and paid by the local authority and the European Community. Not that these training courses will directly lead to a job, but they will represent for the 4,000 people selected a temporary monthly income of L200,000 (about £140)—enough to make ends meet for the time being at least.

In a city under constant tensions as a result of its excessive unemployment and the subsequent drastic social repercussions, the selection process for the openings has been at the core of wide-spread agitation. This had led to demonstrations outside the town hall, itself the city's single largest employer, and to street violence.

Late last night, the Communist-led city administration finally reached a broad agreement over the selection for the 4,000 training posts representing a total expenditure of some L10bn. In an attempt to be fair, some 2,300 people will be selected on the basis of their date of application, while most of the remaining vacancies will go to the young unemployed. The problem is also exacerbated in Naples by the fact that the labour exchange list is often based on a series of under-the-counter arrangements.

This is clearly an extreme example of the key problems now facing the country as a whole. The official unemployment rate is now 7.5 per cent of the total unemployed, some 78 per cent are young people under the age of 20, and with the opening of the new school year this week, these stark statistics have already acquired a disturbing quality.

The tensions in the Italian education system, where schools and universities have become fertile breeding grounds of discontent and violence, were again underlined today with the killing of a 17-year-old student on his way to school in Rome by another youth. In another incident two youths were victims of what has become an absurd, but also seemingly externally motivated war between young sympathisers of the extreme Left and those of the extreme *Right in certain* neighbourhoods of the capital.

Against this background of growing social unrest in the depressed South and in the schools in general, the problem of unemployment was today at the centre of talks between trade union leaders and representatives of the national employers confederation, Confindustria.

The unions are now seeking government guarantees for a wide-ranging series of job-creating investments.

For its part, the Government has pledged to create some 600,000 new jobs in the next three years through its economic recovery programme. To do this, however, it is stressing the need to reduce labour costs and introduce major reforms to cut back public expenditure.

While political parties and the unions broadly agree, there are some misgivings on the possibility of the Government enforcing its medium term programme in full. As it is, the target of 600,000 new jobs is regarded by some as optimistic.

Despite the present relative degree of political stability, there are now signs of growing tensions between the various parties supporting the minority Christian Democrat Government. The recent revival of the controversy over the kidnapping and murder of Sig. Aldo Moro, the late Christian Democrat leader, is becoming increasingly bitter, and the row between the Socialists and the Communists is showing no signs of abating. All this could jeopardise efforts to try to bring the country out of its present social and economic difficulties.

Iceland's new Premier pledges not to change foreign policy

BY WILLIAM DULLFORCE

REYKJAVIK Sept. 21.

ICELAND WILL make no fundamental changes in its foreign policy, Mr. Olafur Johannesson, Prime Minister of the new Left-wing government, said here today.

His statement removes any immediate threat to the NATO airbase at Keflavik operated by the U.S.

The Marxist Peoples' Alliance, which has gone into the new ruling coalition with the Social Democrats and Mr. Johannesson's Progressive party, opposes the base and Iceland's NATO membership.

The parties have, however, *agreed to preserve the status* quo, but to allow no new major construction work within the base area.

An all-party parliamentary committee will be set up to re-examine Iceland's security. The pro-NATO Independence Party, now in opposition, will be represented on the committee.

The committee would function rather like the International Affairs Institutes of the Scandinavian countries, Mr. Johannesson said. Its studies would provide a better basis for discussion of Iceland's security.

"We all need to review our *thinking from time to time,*" he added.

The new government's main task would be to combat inflation, which by the middle of this year was running at an annual rate of 55 per cent on consumer prices. This would require close co-operation with trade unions and employers.

A tripartite committee is being formed to revise the wage-indexation system, regarded as one of the main elements fuelling Iceland's inflation.

The Government's already secured an understanding with the main unions on wage restraint through next year.

Mr. Johannesson said Iceland had devalued the krona by 15 per cent earlier this month because the fish processing plants would have had to close if they had not obtained a higher krona income from exports.

Under its agreement with the unions, the Government has since increased consumer subsidies, cut sales tax on foodstuffs, doubled wealth tax and increased taxation on corporate incomes by 6 per cent.

These steps have widened the Budget deficit, he said, but the Government was determined to restore the Budget to balance over the next 16 months.

Full employment would be maintained, public investments cut, and a stricter credit policy applied to private investment.

The Government would not balance the Budget by borrowing more abroad. Some short-term foreign loans would have to be converted into longer term ones, but the Government did not intend to increase the foreign debt.

A heavy foreign debt was more dangerous for a country exporting price-sensitive fish products than for countries with more stable economies.

Iceland would not take in any more foreign risk capital for the time being. The island's large untapped power resources would have to be developed carefully and slowly.

Chinese minister visits Greece

BY OUR OWN CORRESPONDENT

ATHENS, Sept. 21.

THE possibilities of broadening relations between Greece and China, especially in the cultural and trade sectors, will be discussed by Huang Hua, the Chinese Foreign Minister, during his four-day official visit to Greece which began today.

The visit, at Peking's initiative, highlights China's interest in the Balkan area following its *rupture with Albania, once its* staunch supporter. Soviet officials here have privately expressed concern about the visit which comes on the heels of recent trips to neighbouring Romania and Yugoslavia by Hua *Kuo-Feng the Communist Party* Chairman and Premier. It also follows a week's visit to the Soviet Union by Mr George Rallis, the Greek Foreign Minister earlier this month.

Commenting on the visit, political observers here pointed out that although Greece has said it seeks friendly relations with all countries, irrespective of ideology, it is determined to stay clear of any struggle between China and the Soviet Union.

According to his programme, Huang Hua will have talks with Mr. Constantine Karamanlis, the *Greek Prime Minister, Mr. Rallis* and Mr. George Panayotopoulos, the Minister of Commerce. He will also be received by President Constantine Tsatsos.

Huang Hua is accompanied by Sung Chick-Kuang, the Assistant *Foreign Minister, and Chitsung-*hua, the Deputy Director of the foreign ministry's Western European affairs department.

His talks with the Greek Premier and the Foreign Minister are expected to include bilateral *and international issues.* It is understood the Greek side will brief Huang Hua on the Cyprus issue and the disputes between Greece and Turkey over territorial rights in the Aegean.

A cultural agreement between the *two countries will be signed* tomorrow. Commercial, shipping and aviation agreements were signed in 1973, one year after Greece officially recognised China.

With Mr. Panayotopoulos, the Chinese foreign minister will discuss ways of improving trade exchanges.

On Saturday, Huang Hua will visit Hellenic Shipyards, Greece's largest shipbuilder owned by shipping magnate Stavros Niarchos. The Chinese are understood to be interested in building ships at the Niarchos *yards.*

Meanwhile little progress appears to have been made towards bridging the differences dividing Greece and Turkey during the second round of talks here between the secretaries-*general of the foreign ministries* of the two countries earlier this week.

A joint statement yesterday said Mr. Byron Theodoropoulos and Mr. Sukru Elekdag agreed that their dialogue constituted a *method conducive to the search* for common solutions. They decided to meet again in Ankara next January.

Athens municipal election fight looms

BY OUR OWN CORRESPONDENT

ATHENS, Sept. 21.

MR. GEORGE Plytas, the Minister of Culture and Science today announced he was resigning his post to run for Mayor of Athens in the municipal elections of October 15.

Mr. Plytas, a former successful mayor of Athens, told a press conference he will submit his resignation to Mr. Constantine *Karamanlis, the Prime Minister,* in two or three days.

His decision to try to recapture the capital's mayorship signals a tough contest. Although municipal elections are not supposed to be a partisan affair in Greece, opposition parties have given them a purely political colouring by establishing popular front cooperation through joint candidates in most cities and towns.

However, they have failed to agree on joint candidates in Athens, Piraeus and Salonica where the Panhellenic Socialist Movement (PASOK) of Mr. Andreas Papandreou, the opposition leader and the Greek Communist Party (KKE) have put forward separate candidates.

PASOK's candidate is 50-year-old Mr. Demetrios Beis, until now Mayor of Zografou, one of the suburban municipalities of Athens. He is supported by the Union of the Democratic Centre (EDYK), the Communist Party of the Interior (Greece's Euro-communists), and the United Democratic Left (EDA—Greece's own brand of communism).

Composer Mikis Theodorakis is the candidate of the Moscow-oriented KKE.

The 53-year-old composer of Zorba the Greek had split with the KKE in 1968 when he was held in exile by the military junta which ruled Greece between 1967 and 1974. While his break with the KKE was on, he briefly joined the Euro-communists, then EDA and for some time tried to set up his own cultural movement. He returned to the KKE after a recent visit to Moscow.

The Government has said it is not supporting any candidate, but political sources take it for granted that 68-year-old Plytas, a member of the ruling New *Democracy Party* who was mayor of Athens from 1964 until the April 1967 army coup, will be its favourite.

Dissident loses citizenship

By David Satter

MOSCOW, Sept. 22.

MR. ALEXANDER ZINOVIEV, a philosopher and author of "Yawning Heights," a satirical novel about the Soviet Union, has been stripped of his citizenship by a decree of the Supreme Soviet, the nominal Soviet Parliament.

Mr. Zinoviev, who was professor of logic at Moscow State University before taking up a one-year appointment at Munich University in July, becomes the latest in the growing list of Soviet political and cultural figures who have been pressed to leave the Soviet Union and then deprived of their citizenship while abroad.

The decree, signed by President Leonid Brezhnev, said that Mr. Zinoviev was being stripped of his citizenship for actions harmful to the Soviet Union's prestige. The action effectively prevents Mr. Zinoviev from returning to the Soviet Union.

Jail call at Lockheed trial

ROME, Sept. 21.

THE PROSECUTION at the *Lockheed bribes trial here today* demanded jail terms for two former Italian Defence Ministers who deny the charges against them.

The constitutional court was asked to jail ex-Minister Sig. Mario Tanassi, a Social Democrat, for nine years, fine him L400,000 ($480) and ban him from holding public office.

The Public Prosecutor requested a six-year sentence plus a L700,000 ($847) fine and the same public office ban for the other ex-Minister, Sig. Luigi Gui, a Christian Democrat.

Nine-year sentences were also sought for two brothers, Sig. Antonio and Sig. Ovidio Lefebvre.

Seven other defendants have *been accused of involvement in a* $2m bribes scandal related to the Government purchase of 14 Hercules C-130 transport planes from the U.S. Lockheed Corporation in 1969 and 1970.

Reuter

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EUROPEAN NEWS

W. German tax package was needed—companies

BY ADRIAN DICKS

BONN, Sept. 21.

HANCES OF any measurable cceleration in West German onomic activity would have en slim this year and next had e Government not proposed the M 12.25bn (about £3bn) pack-e of tax cuts and other stimuli w being debated by the Bunde-ag.

The Munich-based IFO onomic Research Institute ncludes this in its latest sur-y of big companies' medium-rm expectations about the onomic outlook.

The survey covers about 320 mpanies accounting for 28 per nt of manufacturing industry, easured in employment terms, id including 70 per cent of all e companies employing 1,000 or ore people.

Answers to the standard half-arly questionnaire were com-led in June and July before the vernment's package was com-ete.

But they leave no doubt about e greatly weakened economic background against which Chancellor Helmut Schmidt and his colleagues were obliged to fall in line with the other six participants at the July economic summit meeting here.

For 1978, most of the responding companies said that in June/July, sales were expected to be at most 1 per cent better than in 1977.

Outlays on new plant and equipment, expected to rise 11 per cent from 1977 to 1978, were, according to plans in hand, likely to rise only 5 per cent in 1979 compared to this year.

Companies reported that they had been disappointed by the continuing weakness of export demand in the first half of 1978, and also by the limited impact of the 1977 package of tax cuts, worth about DM 11bn

A prevailing view was that the main beneficiaries of this boost to demand had been foreign travel and imports.

Thus, the average expectation for 1978 was a sales increase of only 5 per cent—a figure itself pushed upwards by the continuing high level of orders for cars and consumer durables. These remain, according to other indicators, the main object of West German private demand.

For 1979, the survey found, most industries were in June/July expecting little change from this year.

Sales were not expected to increase any more rapidly than during 1978, while investment plans were mostly still concentrated on rationalising rather than expanding capacity.

Most companies reported plans to cut, rather than increase, their labour force.

The survey found the motor industry once again to be the single biggest generator of new investment. The steel and chemical industries also emerged as important sources of new investment, although at a more cautious pace.

Irish strike likely to hit builders

By Stewart Dalby

DUBLIN, Sept. 21.

IRELAND'S flourishing construction industry is likely to be severely affected by a strike of 600 drivers which started today.

The drivers work for Cement Roadstone, the country's biggest supplier of ready-mixed concrete and other building materials.

The strikers are members of the Automative General Engineering and Mechanical Operatives Union. Their action follows the breakdown of talks with the company late last night over a two-year productivity deal. Negotiations have been going on intermittently for nearly a year.

The union indicated it had of talks with the company late on two grounds: first, money terms were "inadequate" and second, certain clauses in the long and complex negotiating document "could have meant a deterioration" in members' working conditions.

The union had been discussing increases of £8-£9 a week on average weekly wages of between £50 and £60, but the deal being discussed concerned productivity. Thus, the in-rejected the company's offer across the board.

The company has hinted it does not regard the talks as having failed because its monetary offer was unacceptable but that the breakdown was due to "other factors."

The prospect is of a strike long enough to cause considerable standstills in building.

This morning, pickets were set up outside the company's depots around Dublin. Preliminary indications were that none of the company's other 1,400 main depot workers would break the pickets.

The union said no application had been made to the Labour Court, Ireland's equivalent of ACAS. As far as he knew, no Government attempts at mediation are being proposed.

CHURCH-STATE RELATIONS IN POLAND

Accord gives way to antagonism

BY CHRISTOPHER BOBINSKI IN WARSAW

Cardinal Wyszynski receives flowers on his arrival in Fulda, West Germany for a conference of German Roman Catholic bishops.

WHEN CARDINAL Stefan Wyszynski flew to West Germany this week, the Polish Vice-Minister of Foreign Affairs, Mr. Jozef Czyrek, made the unprecedented gesture of being at the airport to see him off.

But one person notable by his absence was Mr. Kazimierz Kakol, the Minister for Religious Affairs, who, church officials explained, had said he had another engagement. Whether accident or design, Kakol's absence and Czyrek's presence is symbolic of the condition of Church-State relations.

Last autumn, when the Polish leader, Mr. Edward Gierek, called on the Pope in the Vatican and when Mr. Gierek and the Cardinal held their first public meeting, it seemed as if the Church and the State were about to embark on a novel policy of co-operation to solve some of Poland's more pressing social problem.

Now, almost a year later, Cardinal Wyszynski's first journey to West Germany (his visit to Bishops there has been twice delayed) takes place when Church-State relations appear to have slipped back to their former muted antagonism.

Last Sunday congregations throughout Poland were read an outspoken Pastoral Letter in which the Polish Bishops criticised State control of the media and called for the limitation or even abolition of the censorship system. "State censorship has always been and remains a weapon of totalitarian systems. The aim of censorship is not only to guide the mental life of society but also to paralyse the cultural and religious life of the whole people," it said.

The letter called on the authorities to transmit mass and sermons on radio and television, demanded the right to publish at least one independent Catholic daily, plus more catechisms and prayerbooks and ended with a call for the faithful to listen to Radio Vatican. Parish priests should encourage such listening by posting up Radio Vatican transmission times on their notice boards.

The letter also expressed the Bishops' regret at the persecution of those who have "the courage to express their judgments and opinions on public matters."

"The Bishops are speaking the same language as the opposition," said a delighted dissenter after reading the letter. His reaction was a far cry from the anxiety that many like him felt last autumn when they feared that the rapprochement between the authorities and the Church might lead the latter to weaken in its resolve to defend human rights.

The autumn meetings gave the Church little apart from a welcome increase in Church building permissions. The number of these, while still not covering Church needs, is enough to tie up Church resources for a while. Thus the Cardinal's visit to West German is timely as it may help to secure some material support for the building programme. The West German Church—which according to one observer "has plenty of resources and a bad conscience"—has helped in this way in the past.

The communique which followed the autumn meeting stated that the Church had a right to help in shaping the well-being of the nation. The promise of further cooperation remains unfulfilled, however, and Church officials do not hide their disappointment at the lack of progress. There is mounting suspicion that the Party is interested more in gestures than in concrete acts. To make things worse, official harassment of some church activities seems to be on the increase.

The Polish leadership, however, is faced with consumer discontent caused by shortages which will continue for some time. Under these circumstances, it seems logical to assume that some concessions to Church demands which will serve to stem the deterioration of relations will soon be forthcoming. But the misgivings of party hardliners, with whom the policy of cooperation with the Church has never been popular, will have to be overcome before this can happen.

Cardinal Wyszynski's own position has been strengthened since last autumn. Thanks to the meeting with Mr. Gierek, the Cardinal secured a public assurance that the Church had a role to play in public life.

Enver Hoxha

HOXHA REAFFIRMS HIS STANCE

Albania, the loner of the communist world

By Paul Lendvai in Vienna

HE ALBANIAN party leader r. Enver Hoxha (above) has rsonally attacked China for the st time as a "former socialist untry led by a revisionist party hich betrayed Marxism-eninism" in no way different om the Soviet Union and ugoslavia. However, the 67-year-d ruler of this tiny Adriatic untry also rejected recent oviet bloc initiatives for a rmalisation of relations.

"Our people will always fight nwaveringly against U.S. imrialism, Soviet social imperiasm and all reactionaries and obody should cherish the nallest delusion that Albania ill change its stand," he ressed.

The full text of the important licy statement delivered by Mr. oxha at a meeting ostensibly in nnection with a general elecon scheduled to take place on ovember 12 in this one-party ate reaffirmed Albania's total olation in world Communism. r. Hoxha has been the leader the ruling Communist Party er since World War II. averick Albania with a populan of 2.4m publicly broke with ina last July which in turn opped all aid.

The Soviets put out public and ivate feelers stressing their ish to normalise relations tween Albania and the Soviet oc which have been reduced a minimum since 1961. Hower, Mr. Hoxha, in an 8,000-word ng speech published in all lbanian newspapers, not only ndemned what he called the perfidious stopping of aid" by counter-revolutionary and visionist China, he also peatedly attacked Yugoslavia d the Soviet Union as untries where capitalism in various forms had been restored.

Mr. Hoxha claimed that Albania was the only country in the world with genuine democracy, where the ratio of earnings between the highest-ranking functionaries and the average workers was two to one. The Albanian leader also asserted that except for the Albanian Communist Party all other communist parties degenerated into revisionist and reformist parties. The Soviet Union, Yugoslavia and China, along with some "Euro-Communist parties," were attacked by Mr. Hoxha as "grave-diggers of the revolution."

The Albanian leader revealed for the first time that General B. Balluku, the former Minister of Defence and Politburo member and two other senior members, who were reported to have been shot three years ago, tried to "smuggle into Albania the capitalist-revisionist theory of Titoist self-management."

Finally, Mr. Hoxha expressed the wish to have friendly relations with the neighbouring countries regardless of their political system. This seems to indicate that Albania will put the emphasis on relations with neighbouring Greece and Italy and, to a more limited extent, Yugoslavia.

Anthony Robinson adds: Although Mr. Hoxha has reiterated in forceful terms his intention to follow a policy of splendid isolation Albania can expect to be the centre of considerable diplomatic and economic interest from its immediate neighbours and the great powers in coming months.

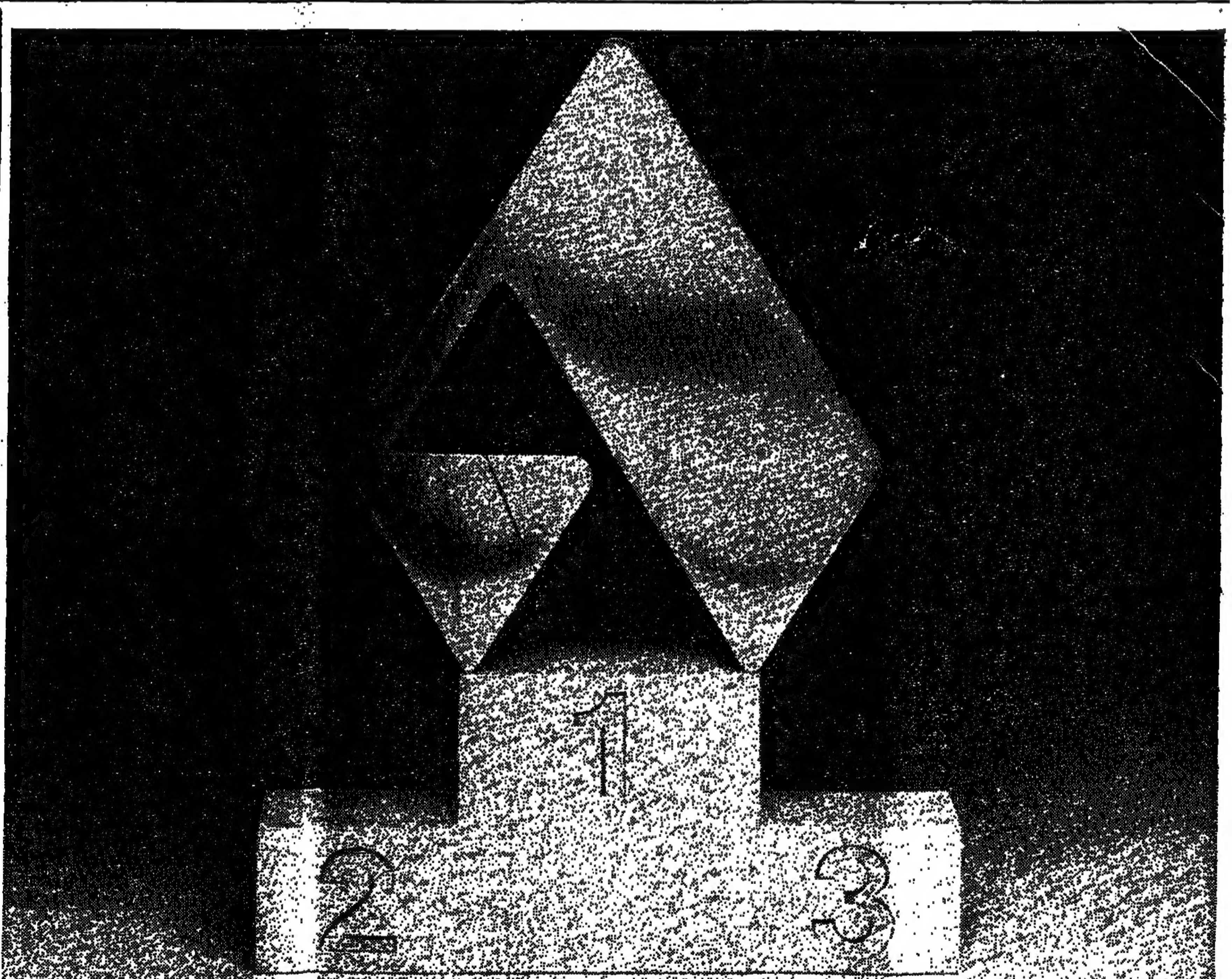
For China it was Albania's ideological usefulness which once seemed so valuable in the context of its ideological struggle against the Soviet Union and revisionism generally.

But to the Soviet Union and Nato it is Albania's strategic importance and economic potential which command attention. The Soviet Union was caught off balances by Chairman Hua Kuo Feng's recent visit to Yugoslavia and Romania but has been making a consistent effort to improve its position in the Balkans. Relations with Turkey and Greece are being assiduously cultivated. Leaders of both countries have recently been to Moscow for trade and political talks, and the Soviet Union would clearly like to improve its relations with Albania because of its strategic position on the Adriatic and its common frontier with Yugoslavia.

Yugoslavia, with its own 1m. strong Albanian minority in Kosovo, its most southerly autonomous province, has internal and external reasons for wanting better relations.

Meanwhile the withdrawal of Chinese economic advisers has raised the question of Albania's future economic development. Among the projects built recently with Chinese help are an oil refinery at Ballesh, which is believed to make Albania self-sufficient in refined oil products, and an 800,000 ton metallurgical complex at Elbasan which refines domestically produced copper, nickel, and cobalt.

Albania is the world's third largest producer of chromite and is believed to have a considerable mineral potential as well as untapped hydro-electric capacity and oil and gas. It also contains what must be the largest extent of unspoilt coastline on the Mediterranean with a considerable hard currency earning potential, if ever Mr. Hoxha, or his successors, decide to open up to the West.



AMERICAN NEWS

Conservative poll success upsets liberal Democrats

BY STEWART FLEMING

WASHINGTON, Sept. 21.

TWO UNEXPECTED defeats in primary elections are forcing senior liberal Democrat politicians in the U.S. to re-examine their election strategies to combat candidates who are calling *for tax cuts and reductions* in government spending.

On Tuesday, Governor Michael Dukakis of Massachusetts, one of the most prominent liberal Democratic governors and a spokesman for urban renewal causes, was defeated in the Democratic gubernatorial primary in the state by Mr. Edward King. The latter took conservative stands on social issues, including abortion, and advocated deep tax cuts.

Last week in Minnesota, a state with a pronounced liberal *bias, Representative Donald* Fraser, a notable liberal in the House of Representatives, was defeated in the Democratic primary for a Senate election in November. The victor, Mr. Robert Short, also took conservative stances on many issues.

These losses have led Senator George McGovern, now perhaps the best known liberal Democrat, to remark: "When two liberals go down in states like Massachusetts and Minnesota, it cannot be ignored. You have to say the danger to liberalism is greater than it was."

Republican Party leaders have been sensing the shift since June when Californian voters overwhelmingly approved in a *referendum an initiative to slash* property taxes.

This week, leading Republicans have launched what is being termed a cross-country "tax blitz." *Campaigning in traditionally* Democratic blue-collar areas, such as the car workers' districts in Detroit, the Republican leaders—led by the party national chairman, Mr. Bill Brock—are promising tax cuts and jobs in return for votes in the Congressional elections in November.

The Republicans are spending *$150,000 and visiting some of the* poorest neighbourhoods of cities such as New York and Los Angeles in the campaign.

Some liberal Democrats have concluded—as the leader of the black caucus in Congress, Mr. Parren Mitchell puts it — that, although the primary results may exaggerate the public mood, "only a fool would fail to notice that there has been a shift to the Right."

Mr. Dukakis himself, at a news conference following the election defeat, said, "there is more than apathy out there, there is real *anger*."

But opinions differ on the reasons for the voters' mood. Some are less sure about the existence of a shift to the Right, and argue that what is being expressed, in the *Californian* referendum and the primary results, is frustration at the impact of inflation on everyday life.

The defeated Mr. Fraser is quoted as saying, "the voters cannot hit the grocer or the manufacturer, so they turn against the Government because there is a degree of accountability there."

A little executive cheer

BY OUR OWN CORRESPONDENT

WASHINGTON, Sept. 21.

THE SENATE Finance Committee has voted to water down what President Carter has called the "extravagant" entertainment allowances which businessmen can offset against their taxes. But it has decided that the now celebrated "three Martini lunch" is something the corporate executive still needs.

The Committee voted to repeal the tax deductions which businessmen are allowed to take for *such* private entertainment facilities as yachts, hunting lodges and country club dues, which can run to thousands of dollars a year.

But the Committee, which is working on the proposed tax Bill, narrowly rejected proposals which would have cut the corporate tax rate below 46 per cent and *another proposal sponsored* by Senator Robert Dole to "index" individual tax rates to protect people against the impact of inflation pushing them into higher tax brackets.

The repeal of the allowances is a minor victory for President Carter, who had also wanted the repeal of business tax deductions for such items as theatre tickets, sports events and first class air travel, and limits placed on business meal deductions—the "three Martini lunch," as he characterised it.

But the Committee did not repeal these allowances. It remains to be seen how much of *the reduction in the tax allow*ances will be retained. The business lobby is expected to press for the deletion of the repeal clauses when the Bill moves from the Committee to *the Senate floor*.

The Mexico City nightmare

By William Chislett in Mexico City

WHEN THE traffic lights turn red in this sprawling city of 13m people, ragged children leap from the pavement with buckets and cloths to clean car windscreens. Their attempts to earn a few pesos highlights the problems of this nightmarish city. These youngsters could be considered the luckier ones for, with over 1.5m cars on the city's streets, they usually earn something during the day. But even this most humble of tasks faces increasing competition, *for officially 1,000 people a day* are arriving in Mexico City from the countryside. Unofficially, the figure is put at 1,400.

This enormous flow is posing a tremendous strain on the overworked authorities. Only about half the city's workforce is fully employed, and housing, educational and transport services will never catch up despite the Government's awareness of the problems. When the school terms began recently it was heart-rending to see the endless queues of *mothers seeking places for* their children.

The population of Mexico City is expected to increase to over 30m by the year 2000. Unless present trends are radically *changed, it will be the largest* city in the world by the next century.

The 66m population of Mexico as a whole, rising at an annual rate of 3.5 per cent will prob*ably double in the same period*.

For three weeks, 20 workmen have been drilling outside my flat at the pedestal of the statue of George Washington which needed to be moved to make way for traffic improvements. Day after day, and night after night, the workmen have laid into the thick concrete base of the statue with *their piercing drills. A few* explosives would have done the work in a matter of hours at less cots, but would have meant meant work for less people.

The continual hum of car and *the beeping of horns is supple*mented by what must be among the noisiest buses in the world.

Couple the noise with the city's situation 7,400 feet above sea level, which aggravates the air pollution, and it is not surprising that every weekend those with transport flee the city for the nearby countryside. The smog hangs in the air like a dense cloud, prevented from dispersal by the surrounding mountains. Mexicans say it is possible to tell when the pollution is really bad, because *the mountains are invisible*. It is also possible to tell because car fumes cause eye-watering. A local newspaper recently displayed a front page photograph showing the top of one of the mountains. The caption read: "An exceptional day. The wind dislodged 800,000 tons of smog from the valley of Mexico."

The Government sees decentralisation from Mexico City as a priority. Government officials not required in the capital are being moved out amidst protests, but with the hope that industry may follow. It is a vicious circle, for the more attractive the city becomes, the more people will come in from the countryside. On the other hand, the city cannot deliberately be run *down to the extent of making* life even more intolerable.

The reality is that life for the poor here is just as tough as in the countryside. Inflation is higher. In almost any direction from the capital are *mile* after mile of "lost cities" of poor peasants lacking basic utilities. Homes are often improvised shacks of wood. The unpaved roads are either dusty time of the year. Water is obtained from tanks on roofs, from communal taps or water or muddy, depending on the trucks.

The cost of improving the city's services is so prohibitive that any improvements can only be minimal. It is estimated that just to raise the water supply (45 cubic metres a second) by 1 cubic metre a second would cost $40m because pipes need to be laid over the mountains. The growing feeling among officials is that this kind of money is better spent creating new cities, which means that Mexico City's problems will continue to get worse.

LATIN AMERICAN influence at the International Monetary Fund and the World Bank is expected to increase as a result of a decision taken in Acapulco at the closing of the meeting of governors of Latin American central banks, whereby Spain will form part of the block made up of Central America, Mexico and Venezuela, our *Mexico City Correspondent* writes.

As a result of this move, the block, described as the Northern Part of Latin America, moves up from 12th to 4th place in the IMF hierarchy, and from 18th to fifth in the World Bank.

The move is one more sign of the increasing links between Latin America and Spain—links which have been quickly re-established *since* the death of General Franco. Spain has applied to join the EEC, but, at the same time, is furthering commercial *relations* with many Latin American countries.

Concern over Nicaragua deaths

BY HUGH O'SHAUGHNESSY

INTERNATIONAL CONCERN about the situation in Nicaragua mounted yesterday, as reports continued of atrocities being committed by the National Guard there in areas it had recaptured from rebels against the rule of Gen. Anastasio Somoza, the Nicaraguan President.

The U.S. Government expressed its "deep concern" about the reported atrocities, and called on the Somoza Government to "discipline and control" its troops.

The Socialist International — a global grouping of social democratic parties, *including the* British Labour Party, the German SPD and the French and Italian Socialist parties—has condemned the action of the Somoza Government. British church groups have also expressed concern about the situation.

Venezuela is pressing for tough action against the Somoza dictatorship. A meeting yesterday in Washington of the Foreign Ministers of the Organisation of American States, to discuss the Nicaraguan crisis was prompted by Venezuela. President Carlos Andrés Perez of Venezuela is expected to address the UN in New York on Monday on the question.

Venezuela has sent military supplies to Costa Rica, whose frontier has been violated during the current unrest by Nicaraguan National Guards, and which has no standing army. Colombia and Panama have also sent military aid to Costa Rica.

Stewart Fleming adds from *Washington: Anxieties about the* National Guard attacks on guerrilla strongholds prompted the U.S. Government to call for urgent investigations by the Nicaraguan Government, and by the Inter-American Human rights Commission, of the situation in Nicaragua. The Commission is due to go there on October 5 to examine charges of violations *of human rights*, but the State Department has suggested, that in view of the new allegations, the trip should be brought forward.

U.S. officials said that the statement was provoked by reports in the Washington Post on Tuesday, quoting people in the Nicaraguan city of León as saying that more than a dozen young men were machine-gunned to death by Guards as they pleaded for mercy.

Gen. Somoza has denied that his forces have committed atrocities. In spite of these *denials, however, the U.S.* administration, clearly influenced by President Carter's stance on human rights, is evidently bent on keeping the pressure on the Nicaraguan Government.

Reuter adds from Managua: The tanks and machine guns of government troops smashed the town of Esteli, last bastion of rebels against Gen. Somoza, refugees said today.

A local doctor, who left the town during a lull in a rocket attack by five government aircraft, estimated that several hundred had been killed, and said hardly a building remained unscathed. "They are burning bodies *in the streets*," Dr. Salvador Mairena said.

The town fell two days ago—the last of four where a rebel insurrection was crushed in fierce fighting. The other towns were Masaya, León and Chinandega.

Dr. Mairena said local youths were still holding out in isolated positions against the government troops, in what he described as a suicidal last stand.

Dr. Mairena said his house was looted after he had been ordered out. "I saw soldiers come out with radios belonging *to my children stuffed in their* tunics," he said.

The refugees said they had been without light and water for almost a week, and the population of some 20,000 was living on a meagre diet of rice and beans.

Dr. Mairena, a member of the Esteli chamber of commerce, said, "It is wrong to call this a guerrilla war. It has been a war of the people against the army."

Chile 'not to buy fighters'

BY ROBERT LINDLEY

BUENOS AIRES, Sept. 21

THE CHILEAN Air Force commander-in-chief, Gen. Fernando *Matthei, has denied reports that* Chile is to buy 100, second-hand, British-made Hawker Hunter fighter aircraft from India.

The purchase of the Indian fighters would have been dictated, it is believed, by the Chilean need to arm more thoroughly for a possible armed conflict with Argentina over the Beagle Channel boundary dispute.

Although Gen. Matthei denied that Chile would buy the Indian fighters, he indicated that the purchase had been under consideration by the government when he said that the aircraft are "antiquated and expensive."

● It is expected that the Chilean Supreme Court will take four months to decide whether or not *to grant the extradition to the* U.S. of three Chilean army officers accused in Washington of being involved in the murder there two years ago of a Left-wing former Chilean Foreign Minister, Sr. Orlando Letelier, and his American woman associate, Mrs. Ronni Moffitt.

Yesterday, the U.S. Ambassador in Santiago, presented the 400-page allegation against the three officers—Gen. Manuel Contreras, Capt. Pedro Espinoza and Lt. Armando Fernandez, all of whom are in protective custody in Santiago—to the Chilean Foreign Minister.

Gen. Contreras was the head of the now-defunct Chilean secret service, Dina, and Capt. Espinoza and Lt. Fernandez were Dina *operatives. The three were impli*cated in the bomb murders by a U.S. citizen, Mr. Michael Townley, also a former Dina agent, who is in jail in Washington where he has turned state's evidence. Mr. Townley confesses to having placed the bomb in the car which killed Sr. Letelier and Mrs. Moffit on September 26.

Sr. Letelier was the Foreign Minister of the Marxist President, Dr. Salvador Allende, who was overthrown by the military in 1973, and, as such, the murder could be interpreted as a political crime. But the murder of *Mrs. Moffitt, supposedly, is dif*ferent, in that she was a U.S. citizen.

New bid to end NY press strike

BY JOHN WYLES

NEW YORK, Sept. 21.

NEW YORK newspaper publishers were today considering a proposal to shift peace negotiations to Washington in a bid to create a new atmosphere for settling the 43-day-old pressmen's strike.

The suggestion for a new venue came yesterday from the federal mediator, Mr. Kenneth Moffet, who has been trying to *bring about a settlement ever* since the stoppage halted publication of the New York Times, the Daily News and the New York Post.

In a telegram to the Pressmen and the publishers, Mr. Moffet has suggested a resumption of talks in Washington next Monday.

This, he says, is "to make the full resources of the mediation service available to the parties and bring the negotiations into a new and positive setting away from some of the disturbances and distractions which have hampered past efforts in New York."

The Federal Mediation and Conciliation Service would not *explain the* "disturbances and distractions" to which Mr. Moffet referred.

But the mediator may well be irritated by the fact that during *the past week*, contacts between the publishers and the union have been sidetracked by an argument about a possible role for the lawyer-mediator Mr. Theodore Kheel.

Mr. Kheel is advising the Allied Printing Trades Council representing nine other unions whose members are out of work because of the pressmen's strike.

It emerged yesterday that Mr. Kheel would attend all future negotiating sessions. But hopes that he may play an active *mediating role are running into* opposition from the publishers.

Reporter imprisoned again

BY OUR OWN CORRESPONDENT

NEW YORK, Sept. 21.

THE NEW JERSEY Supreme Court today ordered a New York Times journalist, Mr. Myron Farber, to return to prison next Tuesday, and upheld his conviction by a lower court for criminal contempt.

Mr. Farber has already spent 27 days in a New Jersey prison for refusing to hand over notes to a judge in a murder trial. The case has become a national cause célèbre, and is seen as establishing a precedent which could determine the constitutional rights of *journalists* to protect confidential sources. The New York Times will appeal against the decision to the U.S. Supreme Court, arguing that conviction of Mr. Farber for criminal contempt breaches his *rights* under the First Amendment.

The New Jersey Supreme Court rejected this argument, with one which claimed that Mr. *Farber was protected by a New* Jersey "shield law" which was supposed to free journalists from the judicial orders imposed on Mr. Farber. The reporter was found guilty of civil and criminal contempt at the end of July.

U.S. COMPANY NEWS

Merrill Lynch moves into residential real estate; Standard Oil of Indiana cool over Kennecott rumour: Alleghany buys up remaining IDS stock—Page 34

OVERSEAS NEWS

Israeli troops remove new settlers

BY DAVID LENNON

JERUSALEM, Sept. 21.

ISRAELI TROOPS today forcibly removed Jewish extremists who *tried to establish a new village* on the West Bank in defiance of the government freeze on settlements in the wake of the Camp David summit.

At the same time, however, Mr. Moshe Dayan, Israeli Foreign Minister, said that Israel will demand the right to build new settlements on the West Bank even after a peace agreement.

The settlers were reported to have resisted efforts of the unarmed soldiers to drag them to waiting buses from their new village on a mountain top near *Nablus*.

They were supported by other members of the Gush Emunim movement who blocked some roads on the West Bank. Gush Emunim believes in the his*torical right of Israel to the West* Bank.

The settlers fear that if Israel gives up the settlements in Sinai, there will be pressure to do the same on the West Bank.

The totally oppose the agreement with Egypt, made by Mr. Menahem Begin, Israel's Prime Minister, to halt all new settlement projects while peace negotiations are in progress.

Mr. Dyan admitted that some difference of opinion existed about the length of time the freeze should last. This stemmed *in part from the fact* that it was not clear how long negotiations on the Palestinian issue would last, he said.

He believed that the first stage of the Palestinian agreement *could* be implemented within three months. The setting-up of the local authority and abolition of the military government could be completed within this time.

Elections to the *new* Palestinian Council could be held shortly, Mr. Dayan added. He was confident that the Palestinians would co-operate in this, because, "*it is* their future we are talking about."

The military government today called on two West Bank mayors at present in the U.S. to return "to discuss the implications of the Camp David summit."

As mayors of two of the biggest towns on the West Bank, Mr. Fahd Kawasma, mayor of Hebron, and Mr. Karim Khalaf, mayor of Ramallah, have *considerable influence*. But it is understood that they both oppose the local autonomy proposal, as do all but one of the other mayors.

The 15 municipalities on the West Bank staged a strike today in protest against the dismissal of one mayor who had been found guilty of attacking a policeman. He had appealed his case to the High Court, and lost.

West Bank schoolchildren demonstrated against the Camp David "sell-out" of the Palestinians by President Sadat. *This was the fourth day of* demonstrations but no serious clashes have been reported.

THE WEST BANK PALESTINIANS

"Condemnation will not solve the issue"

BY DAVID LENNON RECENTLY IN BETHLEHEM

THE CAMP DAVID summit *decisions have split* the West Bank, and may have ruled out any agreement on the Palestinian issue in the foreseeable future.

The most prevalent feeling *among the 700,000 Palestinians* who live on the Israeli-occupied West Bank is that President Anwar Sadat of *Egypt* has sold out the Palestinians for a bilateral settlement with Israel.

But some Palestinians argue that the Camp David decisions have to be recognised as a reality. They say that however unsatisfactory the decisions, they should be used as a basis for *trying to win an acceptable agree*ment on the future of the Palestinians.

Some of the most vocal and practised exponents of the rejectionist view are to be found at the Bir Zeit University, a few kilometres north of Jerusalem.

The students and lecturers argue persuasively and with varying degrees of sophistication that the sell-out is so total that they have no option but to struggle on towards the dream of a fully *independent* Palestinian state. They say a deal which relates only to the West Bank *and Gaza and ignores the rest* of the Palestinians is totally unacceptable.

They are universal in their condemnation of President Sadat, who they say made a bilateral deal with Israel at the Palestinians' expense. They accuse him of betraying the Arab cause because of his desire for self aggrandisement.

Even though the students and academics feel their cause has suffered a setback, they believe that there can be no true peace in the Middle East without a solution to their problem.

"Our two great assets," explained a lecturer, "are that only we can legitimise a settlement of the Palestinian issue, and that we can ensure that people don't sleep well on our graves."

This latter comment is a polite way of saying that the Palestinians can wage limited war on its enemies, both Israeli and Arab.

Their rejection of the proposed autonomy settlement is total, because they see it as being a condominium under which "the Jordanians will tax us and the Israelis will jail us," the lecturer explained.

Even though the majority of the mayors, who constitute the elected leadership, have rejected the Camp David framework, the Bir Zeit staff fear that some local leaders "may succumb to the blandishments being offered."

One man they are clearly referring to is Mr. Elias Freij, the Mayor of Bethlehem. He is the only leader who has refused to totally condemn the Camp David agreement.

"*The Camp David decisions* are so serious and important that we cannot ignore them or deal with them simply by rejection, and protest," Mr. Freij explains.

The text of the agreement about the future of the West Bank and the Gaza Strip is "vague, unsatisfactory and falls short of our demand for full self-determination," he says. But he adds that condemnation will not solve the issue.

The mayor notes that the Palestinians have always rejected what was offered to them, often without even studying the proposals. This time, he says, the proposals should be studied, and he has suggested that the West Bank leaders seek permission from the Israeli military government to hold a caucus to discuss the issues and formulate counter-proposals.

Mr. Freij finds that the Camp David agreement has positive elements. "It's half a step, but it is a step in the right direction," he believes.

The biggest mistake at Camp David, in Mr. Freij's opinion, was that it ignored the Palestine Liberation Organisation. "The *PLO is a part of our lives and* no one can ignore that fact."

But he is a supporter of King Hussein—"our King," as he calls him. While he doubts if Jordan will join the talks at this stage, he does not rule it out, particularly if the United States applies strong pressure on the King, which he considers, would change the whole situation.

Regardless of who participates in the peace talks, "we must start making decisions for ourselves because this may be our last chance," says Mr. Freij.

He is not alone in this view, *although his is a lone voice* among the elected leaders.

Today there is unity on the West Bank only on rejection of Israel's proposal for local autonomy. But there is no unity on what compromise they are prepared to make between that offer and their own demand for full independence now.

Criticism of Egypt intensifies

BY OUR FOREIGN STAFF

THE SECOND DAY of the meeting of the Arab leaders most opposed to President Anwar Sadat's initiatives towards Israel opened yesterday in Damascus against a background of growing criticism among moderates.

At the opening, President Hafez al-Assad of Syria, who is host to the leaders of Algeria, Libya, South Yemen, and the Palestine Liberation Organisation (PLO), launched a seathing personal attack on Mr. Sadat, accusing him in effect of plotting a joint attack with Israel on Syria. He was followed by Mr. Arafat who described Mr. Sadat as the *Pétain of the Arab world*.

A senior Palestinian source was also reported yesterday to have said that the main Palestinian groups had decided to escalate guerrilla operations and to attack American and and other Western targets.

In spite of the atmosphere of hostility, Mr. Cyrus Vance, the U.S. Secretary of State, was still due to visit Damascus on Saturday to explain to Mr. Assad the content and aims of the Camp David accords.

Sadat sets out to convince the doubters

BY OUR OWN CORRESPONDENT

RABAT, Sept. 21.

IN HIS first meeting with an Arab head of state since the Camp David accords, President Anwar Sadat of Egypt hopes to convince King Hassan of Morocco to support him and persuade other "moderate" Arabs to do so as well.

Officials say it is unlikely that King Hassan will make a public stand at this juncture, preferring secret diplomacy in any attempts to convince other Arab leaders, notably Saudi Arabia's King Khaled, with whom he is on excellent terms.

Although Saudi Arabia has criticised heavily the Camp David framework, it has indicated it will not interfere with its application, which Egyptian officials regard as a positive step.

Mr. Sadat is also expected to have contacts during his two-day visit with Prince Abdallah Ibn Abdulaziz, the Saudi second Deputy Prime Minister, who is here on a private visit.

At home, President Sadat is likely to face a harder task than first anticipated in convincing the Egyptian public of the overall benefits of the Camp David accords.

The growing feeling of unease that Egypt may become isolated within the Arab world will probably not affect the hero's welcome given to Mr. Sadat when he arrives in Cairo on Saturday, but it is certain to be reflected in the President's subsequent actions.

Plans are already being laid to whip up public support and Mr. Sadat has begun a newspaper campaign to demonstrate the *benefits of peace with Israel*. He announced today that Egypt would become a member of the Organisation of Petroleum Exporting Countries in 1980 when, on the return of all the Sinai fields, oil production would top 1m barrels a day.

But the promise of substantial economic benefits will not be enough and Mr. Sadat will have to find a major issue on which to concentrate people's minds now. Israel has been all but removed as the main target for *national resentment*.

Only one Namibia party welcomes poll prospect

BY QUENTIN PEEL

JOHANNESBURG, Sept. 21.

ONLY ONE political party in Namibia (South-West Africa) has welcomed the prospect of early elections in the territory—the *ethnically-based and pro-South* African Democratic Turnhalle Alliance (DTA).

Even the conservative Aktur grouping, which includes the bulk of the former ruling National Party, and is thought to have majority support among the territory's white population, has expressed reservations about the lack of campaign time before the declared polling days, November 20—24.

Both the internal wing of the South-West Africa People's Organisation (SWAPO) and the Namibia National Front (NNF), which includes the other nationalist movement, the South-West Africa National Union (SWANU), have said they will not take part in any election under exclusive South African control.

At a news conference today, a spokesman for the middle-of-the-road NNF said that he could not rule out armed struggle as a response to the South African *decision to reject the United* Nations peace plan for the territory. The NNF oppose the election "through all the avenues at our disposal," said Mr. Reinhardt Rukoro, the Information Secretary.

The Aktur objection to the elections is to the two months' campaign time available. But observers do not think the party will refuse to participate for that reason.

● Lord Carrington, Conservative leader in the British House of Lords, yesterday condemned the South African proposals for Namibia and called for further negotiations on the issue. "It is absolutely essential that the Western powers and the Security Council should not allow the progress they have made to dis*appear overnight*," he told a meeting of the Royal African Society in London.

Zambians sad and angry about Pretoria decision

BY OUR OWN CORRESPONDENT

LUSAKA, Sept. 21.

ZAMBIAN COMMENTATORS reacted with a mixture of despondency and anger today to South Africa's announcement that it was going ahead with its own plans for Namibian elections.

"Mr. Vorster will go down in the annals of history as the one man who could have put his country on to the path of nationhood but allowed his narrow-mindedness to build a South Africa abhorred and loathed by the civilised world," the Government-owned Zambia Daily Mail said in a commentary.

The semi-official Times of Zambia declared: "South Africa has once again shown her complete and utter contempt for world opinion and the United *Nations . . . she has issued a* challenge to the world that must be taken up. If Vorster goes ahead with his plan the United Nations must act or be completely discredited."

Underlying the commentaries there is also a deep disappointment, likely to be shared in particular by Angola, that a major initiative by the "front line" states to put pressure on the SWAPO nationalist group to accept the Western terms for Namibia has foundered because South Africa dug in its heels.

It seems increasingly certain that the West and the United Nations will come under mounting pressure from black Africa to overrule South Africa or face growing demands for economic sanctions that would damage Western and, in particular, British investment.

Referring to Soviet and Cuban influence in Africa the Times editorial said: "It is the West and its blind pursuit of markets that creates the conditions which force African freedom fighters to seek aid from whoever will give it to them."

Reuter adds from Paris: France has condemned South Africa's decision to organise elections unilaterally in Namibia this year and called on the South African Government to change its mind.

Lobbying in S. African race

BY QUENTIN PEEL

JOHANNESBURG, Sept. 21.

WITH THREE candidates left in the contest to succeed Mr. John Vorster as the South African Prime Minister, intensive lobbying within the parliamentary caucus of the ruling National Party is already under way.

The succession will be decided by *a meeting of the caucus on* September 28 in Cape Town, which had already been scheduled to elect a new state president. The decision by Mr. Vorster himself to stand for that post makes the result a foregone conclusion.

With the withdrawal last night of Mr. S. P. (Fanie) Botha, the Minister of Labour and Mines, *from the running for the pre*miership, the candidacy of Mr. R. F. "Pik" Botha, The Foreign Minister, has received a considerable boost.

However, the two front runners remain the respective *leaders of the two largest pro*vincial wings of the National Party: Dr. Connie Mulder, the Minister of Plural Relations, in the Transvaal, and Mr. P. W. Botha, the Minister of Defence, in the Cape.

On the basis of provincial loyalties, Dr. Mulder must be expected to have a head start, for the Transvaal has 83 mem*bers in the 175 member* parliamentary caucus. By comparison, Mr. P. W. Botha's Cape has only 56 members. Thus, if provincial loyalties are paramount — and they are probably the main determining factor—Mr. Botha would need to unite all three other provinces to defeat the Transvaal.

Mr. Pik Botha's significance, however, is that he can be expected to gain some of the votes from the Transvaal (he represents a Johannesburg constituency) and he also can boast a close personal relationship with Mr. Vorster. Indeed, his presentation yesterday at Mr Vorster's resignation news conference, and subsequent appearance on the front pages of all the leading Afrikaans newspapers sitting beside the Prime Minister, must constitute a very powerful personal endorsement from the premier.

Moreover Dr. Mulder's standing has suffered considerably following the collapse of his former Department of Information earlier this year—the information function has now been assigned to Mr. Pik Botha's Foreign Affairs Ministry. Whereas Mr. Fanie Botha and Mr. Pik Botha might have split the anti-Mulder vote, that can be expected now to go largely to Mr. Pik Botha.

Political commentators here still incline to back either Mr. P. W. Botha or Dr. Mulder as the men with the widest party support, which Mr. Pik Botha still lacks. They see Mr. P. W. Botha, the senior member of the cabinet, as the likely victor, possibly with Mr. Pik Botha giving him his support in the final run-off. The defence minister is 62 and therefore might not be expected to hold the premiership for many years, while Mr. Pik Botha, at 46, can afford to wait.

WORLD TRADE NEWS

China seeks Western help in communications plans

BY JOHN LLOYD

..SSIVE modernisation and ..ension programmes are being ..nned for the Chinese tele..mmunications system. The ..nese Government has made it ..r that it will buy western ..ipment and advice to speed .. its development.

..n a recent statement, Mr. Liu ..eng-ching, Vice-Minister of ..ts and Telecommunications, ..d that Chinese telecommunica..ns workers should "strive to ..mote friendly contacts and ..operation with the people of .. countries."

..he Chinese embassy said this ..k that a delegation from Mr. .. Cheng-ching's ministry may ..t the UK later this year. A ..egation from the Central ..adcasting Administration has ..eady visited France, Sweden .. West Germany and inspected ..adcasting and telecommunica..ns facilities.

..he Vice-Minister said that ..me 96 per cent of the com..nes, and more than 70 per ..t of the production brigades ..der the communes, have a ..ephone service."

..e stressed, however, that ..ch remained to be done. ..elecommunications should be ..dernised. A mass drive to ..nge the backward state of ..na's posts and telecommunications and catch up or surpasss advanced world levels is now under way."

The Vice-Minister outlined a surprisingly sophisticated level of production in telecommunications. Telecommunication workers had "manufactured a wide range of up-to-date telephone equipment such as fully electronic and semi-electronic telephone exchange systems, cordless toll switchboards, PCM (pulse code modulation) terminal equipment, video telephone systems, letter-phone sets and different kinds of carrier telephone terminals."

While he does not make it clear what level the production of these technologies has reached (that is, whether they are in the developmental or production stage), the list itself is impressive even when compared to the capacity of many advanced Western countries.

The UK, for example, has still to introduce its first fully electronic (on most definitions) exchange, and a video phone system is still only in very limited use.

However, it is thought likely that the more advanced equipment is still in the research phase, and that the bulk of the equipment in normal use is ageing electro-mechanical technology.

Our New Delhi correspondent writes: China has told a delegation of the Federation of Indian Chambers of Commerce and Industry that it is keenly interested in importing wheat, sugar, high-grade cotton yarn, iron ore, steel and non-ferrous products. The delegation returning from a 10-day visit to China is now urging the relevant parties in India to follow up this interest. Indian companies should get in touch with their collaborators and others in the West as well as in Japan to undertake sub-contracting work in the turnkey projects which are in the offing in China.

The delegation recommended that the Indian railways should make a bid for laying railroads in China and also try to export rolling stock and other equipment. During the visit the delegation had told the Chinese that India could supply machinery and technology to China at prices which were 30 to 40 per cent. lower than Western countries could offer.

SIR PETER TENNANT, president of the London Chamber of Commerce and Industry, has been invited to join an EEC delegation to China. The European Commission is organising the visit following the signing earlier this year of the EEC-China trade agreement.

Protest on new French trucks rule

By Lynton McLain

BRITAIN, West Germany, Italy and Holland have formally protested to France over its plan to impose unilateral mandatory design standards for industrial trucks only days before a common European standard was to have been published.

The French plan calls for tough new standards to be applied to industrial and fork lift trucks sold in France after December 2. The deadline comes after six months' warning from the French Industry Ministry, but most European manufacturers have been left with no chance of complying in time.

The result will be an effective ban on the sale of a range of industrial trucks in France.

Britain and other Governments in the EEC have protested to the French Government and to the European Commission that the action cuts across moves to harmonise industrial truck standards. A common standard has been prepared by a working group of the Commission as a way of cutting non-tariff barriers to trade in Europe. This was to have been published in draft form by the end of the year, but the French action may accelerate publication.

The first united protest by Germany, Italy, Holland, Britain and other EEC members on the working group, will come next month. An emergency session of the group on October 17 to 19 is to consider urgently the implications of the French action.

UK embassies 'little aid in disputes' with Third World governments

BY DAVID HOUSEGO

BRITISH COMPANIES with investments in developing countries apparently feel that British embassies are "not much use" in backing them up in the event of a dispute with a foreign government.

This sharp conclusion emerges from a survey of 13 British multinationals carried out by PSI (Policy Studies Institute) as part of an international study into the problems of multinational companies operating in developing countries. The British sample includes companies in extractive and manufacturing industries and in banking and insurance, with between them more than 250 overseas subsidiaries.

The British companies feel that the lack of support they get is partly due to the reluctance of embassies to take any action which might imply a preference between different companies or which could complicate political relations. They say that embassies often show a distaste for getting too involved in industrial and commercial matters, particularly if it is on behalf of only one company.

According to the PSI survey, which summarises extensive interviews conducted mostly with chief executives responsible for group operations in Third World countries on the basis that their companies' identity would not be revealed, British companies feel that the gulf between the Civil Service and industry is even wider abroad than at home.

The survey says that companies feel that in British embassies they are dealing with amiable amateurs who know little of industry or trade—and often not much more about the country where they are working, because by the time they are beginning to understand it they usually get posted somewhere else. Several companies took the view that French, German or Japanese missions were much more effective in supporting their countries' companies.

But, damning with faint praise, the survey found that most companies thought it worth keeping in touch with their embassies "particularly on the rare occasions when they come across a commercial attache who is really effective."

Companies feel that in British embassies they are dealing with amiable amateurs who know little of industry or trade.

On how much and the type of support they should get from home governments in the event of a dispute, the companies were sharply divided. Almost half felt that reprisals against expropriation without proper compensation in the form of such sanctions as cuts in aid would be totally inappropriate. Another five felt that such sanctions should be used, partly in the belief that unfair treatment should be punished rather than in the hope of securing a reversal of policy.

The British section of the study is to be co-ordinated with similar reports from other industrialised countries, including EEC members, Sweden, Japan and the U.S.

Most of the British responses to questions on the policies of multinationals in developing countries and the possibilities of strengthening relations between overseas companies and Third World governments were predictable and non-controversial. But anonymity obviously also freed companies from the responsibility of defending their remarks.

The final report covering the activities of about 100 multinationals in developing countries is being prepared by the New York-based Committee for Economic Development.

On corruption, the British companies took the view that unilateral action by the UK Government to prevent the payment of illicit commissions would put British companies at a disadvantage with other countries such as Japan or France. Most felt that companies themselves should keep unavoidable corrupt practices to a minimum.

Most also said that pressures to give direct help to a political party or faction abroad were common and that they were embarrassed on how to react. Several felt that it would be better to pull out of a country rather than give way to such pressures.

Almost all of the companies told PSI (formerly PEP) that they had experienced pressure to export part of their output. For a few this presented no problem. Others said this produced a conflict with the host government in that their product was too bulky or too closely matched to local tastes to be suitable for export.

All the companies in the sample denied that they themselves had indulged in manipulation of transfer prices. Some of them, however, thought that such practices were widespread, particularly in natural resource industries or in companies with integrated production arrangements and considerable internal trading.

Only two of the companies said that they would like to adapt their products more to meet local conditions in developing countries in the sense of providing more rugged and easy to maintain equipment. The majority of companies said, however, that they made some modification to their production methods to take account of local conditions.

Few of the companies showed much interest in the broader questions asked in the survey relating to increasing the flow of private capital to the developing world, codes of conduct for multinationals, the harmonisation of taxes or international insurance arrangements.

Japan may open state tendering to foreigners

BY CHARLES SMITH TOKYO, Sept. 21.

..OREIGN COMPANIES may ..tortly be allowed to partici..ate in tenders for the supply .. goods to Japan's major ..ate corporations instead of ..ing excluded from approved ..nder lists as has been the ..le up to now, the Japanese ..overnment hinted today.

The opening of state ..rporation tenders to foreign ..idders—if it happens—would ..rm part of Japan's contribu..on to the package of a trade ..beralisation measures which .. expected to conclude the ..okyo Round of multilateral ..ade negotiations.

The three major state ..rporations to whom the move ..ould apply are Japan ..ational Railways, Nippon ..elephone and Telegraph, and ..e state tobacco and salt ..onopoly. According to rough ..stimates, these three bodies ..pend some $5bn per year on ..rocurement of materials and ..quipment. The proposal ..ppears to be that foreign com..anies would be allowed to ..articipate in tenders for large ..ize procurement contracts ..orth $250,000 or more.

The de facto banning of ..oreign companies from public ..orporation procurement ..ecame an issue two years' ago ..hen an attempt was made to ..ain access on behalf of Canadian electronics companies to some tenders called by Nippon Telephone. The Canadians were told that, while theoretically they could bid for contracts, in fact they had no chance of being chosen as suppliers.

A spokesman for Japan National Railways told the Financial Times yesterday that some 80 per cent by value of annual procurement worth about Y400bn (about $2bn) are made from companies on a select list which happens not to include any foreign names. Goods covered by the select list include most high technology items such as signalling equipment and rolling stock but also steel rails. The remaining 20 per cent of Japan National Railways' annual procurement is made on open tender which means that anyone can apply.

Japan's closed system for Government procurement has been criticised by the U.S. in recent bilateral trade talks. It appears, however, that it is by no means unique. If the system is liberalised as part of the GATT package, Japan will almost certainly insist on moves by other countries (including the U.S. and the EEC) to make their own systems more open.

..USTRIAN TRADE

Hopes of new push in Eastern Europe

BY PAUL LENDVAI IN VENICE

..AJOR ECONOMIC co-operation ..ojects are likely to be finalised ..ring Austrian Chancellor Dr. ..runo Kreisky's weekend work..g visit to neighbouring ..ngary. His forthcoming talks ..h Hungarian Party leader Mr. ..nos Kadar and Premier ..oergy Lazar were preceded by ..eparatory talks conducted in ..enna by the Hungarian ..nance Minister, Lajos Faluvegi.

..The projects discussed involve ..nt development of lignite ..serves in Western Hungary ..ar the Austrian border at an ..timated cost of £150m to ..0m, Austrian participation in .. building of a Danube power ..tion as well as the provision .. machinery and know-how for .. modernisation of the ..ngarian rail network. The two ..es have also conducted talks ..out co-operation in hotels ..lding—earlier this summer ..stria opened a £160m credit ..e to finance the erection of ..els and catering establish..nts in Hungary by Austrian ..lding companies.

..Hungary is Austria's number .. trading partner in Comecon ..d the pace setter in joint ..tures between Austria and ..stern European countries. ..anwhile the Austrian Govern..nt is also seeking to ..engthen economic co-operation ..h Bulgaria and East Germany. ..lgarian party leader and head .. state Mr. Todor Zhivkov and .. associates this week in ..enna discussed the possibilities .. increasing trade in both ..ections. Austria is well ..ced to secure important ..lers for providing infra..ucture facilities for tourism. ..lgaria wants to diversify its ..rist industry away from the ..essive reliance on summer ..itors.

..President Zhivkov, who today ..ncluded a four day official ..it, made it clear that Bulgaria ..s keenly interested in purchas..g cable railways, equipment .. power stations and the ..rist industry facilities.

..While Austrian exports to ..ngary during the first six ..nths of this year were up by .. per cent on the same period .. year, and with Bulgaria by .. per cent, sales to East Ger..ny dropped in the same ..riod by 9.7 per cent with a ..ilar reduction in purchases by ..stria.

..Austria has just doubled the ..00m credit line opened to East Germany last spring when Chancellor Bruno Kreisky concluded an informal agreement with the East German leader to expand bilateral trade. Since then the East German side has pressed for more credit facilities.

Meanwhile it is understood that Voest-Alpine, the leading Austrian steel concern, has also received an order which is much larger than originally expected to erect a steel plant at Ilsenburg in East Germany. In contrast to the original project worth £35m, the final contract may now reach £150m. A series of other co-operation projects in third countries is also to be discussed in detail during talks this weekend between Mr. Gunther Mitteg, Central Committee Secretary of the East German Communist Party and Dr. Gerhard Beil, Secretary of State in the Austrian Foreign Trade Ministry.

These intensified contacts with Hungary, Bulgaria and East Germany may give a new push to Austria's exports to East Europe which for the past two years have been virtually stagnant.

Austrian exporters are convinced that the key to the future growth of Austrian exports lies in Eastern Europe. But the demands of Comecon integration, their shrinking foreign exchange reserves and the difficulties of selling East European products on the Austrian (and in Western markets in general present problems. Intensified Western competition for a stagnating market and the growing demands for compensation deals are further adverse factors. This is why the Austrian business community hopes that the political goodwill shown by the East European neighbours towards Austria and the frequent working visits of Chancelor Kreisky to the neighbouring countries and also to Poland will yield some tangible dividends.

EXPORT Credits Guarantee Department has guaranteed repayment and funding for a $220m project line of credit which Barclays, acting on behalf of a syndicate of banks has made available to Poland. The loan will help finance contracts awarded to Massey Ferguson Perkins and other UK companies for plant and equipment for the Ursus Tractor Project.

HOME NEWS

Engineering exports show fall during last 18 months

BY KENNETH GOODING

THE ENGINEERING industry's export performance has been on the decline for the last 18 months, according to Department of Industry statistics published today.

Unless there is a sustained improvement in export orders soon, the inevitable fall in overseas sales will begin to show in the balance-of-trade figures.

It is now possible to see that by the end of June the index of new overseas orders had fallen steadily by a total of 11.6 per cent compared with the December 1976 level.

The adverse trend was obscured earlier this year by a large inflow of orders from abroad in February.

The fall in new export orders by 4½ per cent between the first and second quarters of this year in part reflects the February boost.

The Department admits, presenting the statistics in Trade and Industry magazine today, that "the volatility of this series renders the trend very difficult to assess and predict."

Export orders-on-hand fell by 1 per cent between March and June. Order books "are at a sufficiently high level to sustain export sales in the short term, but in the longer term prospects are dependent on a sustained improvement in the inflow of orders," the Department states.

In total, when home orders are included, the engineering industry's intake fell by 2¾ per cent between March and June.

At home new orders showed a levelling of the improvement recorded since the third quarter of last year.

Home order books remained stable in the second quarter. Their level has shown only small variations within a very narrow range for nearly two years.

Manufacturers raise spending by 5.5%

BY DAVID FREUD

STRONG GROWTH in manufacturing investment in the second quarter of the year was confirmed yesterday in figures released by the Department of Industry.

The revised estimate of capital expenditure by manufacturing industry shows growth of 5.5 per cent from the depressed first quarter to £971m in April-June (1975 prices, seasonally adjusted). This was only £7m below the provisional estimate.

A sharp rise in industry's stocks was also confirmed. Most of the increase seems to have been due to rises in finished goods held by the food, drink and tobacco and engineering industries.

The second-quarter pick-up in manufacturing investment is in line with the department's latest survey of investment intentions, released in June. This predicted that capital expenditure would increase by between 10 and 13 per cent between last year and this year.

A longer-term comparison shows that the volume of investment in the first half of this year was 2.7 per cent above that of second half of last year.

However, this figure was considerably depressed by the decline in the level of investment by the iron and steel industry. This was 21 per cent lower in the first half of this year than the previous three months.

If the iron and steel industry figures are removed from the total, the gain in the first six months of this year improves to 5.7 per cent.

On the same six-month to six-month basis there was strong growth in investment for coal and petroleum products and the food, drink and tobacco groups, both of which recorded gains of about 25 per cent.

Other large increases occurred in the vehicles industry, up 16 per cent; and the paper, printing and publishing and instrument and electrical engineering industries, both up by 11 per cent.

Capital expenditure in the distributive and service industries, excluding shipping, in the first half of the year was about 4 per cent above the level of the previous six months.

The level of stocks held by manufacturers, wholesalers and retailers rose by £302m (1975 prices, seasonally adjusted) in the second quarter of this year, £25m more than provisionally estimated.

The increase in manufacturers' stocks was revised upwards by £24m to £210m, mainly due to higher levels of work in progress and stocks of finished goods than originally estimated.

Lloyd's names suspended broker

BY JOHN MOORE

LLOYD'S OF LONDON yesterday disclosed the identity of the insurance broker suspended from placing business with Lloyd's after a meeting on Wednesday.

Crow Dalton Lambert has been suspended because the committee of Lloyd's "is not satisfied with the administration of the company."

Under the suspension ruling Crow Dalton is also prevented from renewing existing business at Lloyd's. However the company is permitted to continue to service existing Lloyd's policies until further notice.

None of the Crow Dalton directors was available for comment last night. But the British Insurance Brokers Association, of which Crow Dalton is a member, said that the matter was to be referred to its membership and investigations committee.

Crow Dalton was admitted as a Lloyd's broker in October 1971.

Chief executive resigns at Barrow Hepburn

BY MARGARET REID

MR. RICHARD ODEY has resigned as chief excutive and a director of Barrow Hepburn Group.

A board statement yesterday said that his resignation followed the group's planned withdrawal from its major leather activities and that Mr. Odey's principal interest was the leather industry.

It was indicated at the time of the annual report that Barrow Hepburn was to develop its non-leather interests, but at the annual meeting on May 19 Mr. Odey was re-elected a director.

The board said yesterday that Mr. Odey had resigned the previous day and nothing could be added to the statement already made. Management of the company was at present in the hands of the board.

Last year, Barrow Hepburn's problem-vexed taning interests were hived off to be placed in a new company, British Tanners Products, jointly owned with the National Enterprise Board, which invested £5m in the new concern.

Mr. Odey was the first chairman of British Tanners, which is in the process of being substantially slimmed down after losses in the troubled tanning industry.

In June, Mr. Edward Buchan became chairman of British Tanners, and Mr. Odey has left the board of that company. The Enterprise Board has a 4 per cent share stake in Barrow Hepburn.

Barrow Hepburn has had a big problem at its hide-dealing subsidiary, Schrader Mitchell and Weir, where losses as a result of "serious irregularities" going back several years came to light last year and could amount to £4.2m.

Mr. Odey told shareholders at the annual meeting that the company was considering legal action against "both individuals and groups."

Accountants Whinney Murray are examining Schrader Mitchell and Glasgow detectives have been called in to investigate the possibility of fraud.

New move to save workers' co-op

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A FRESH bid to save the Kirkby Manufacturing and Engineering Workers' Co-operative on Merseyside is being made after talks in London yesterday between leaders of the co-operative and Mr. Alan Williams, Minister of State for Industry.

New plans for keeping the enterprise in business were discussed at a five-hour meeting. More talks will be held next week.

The plans were not disclosed, though Mr. Robert Kilroy-Silk, Labour MP for Ormskirk who led the co-operative's delegation, said as he left that the talks had been "very worthwhile and constructive."

The co-operative, which has 700 workers, faces a cash crisis, and has asked for an immediate injection of £500,000 by the Government. Estimates of further investment needed to make its main radiator-manufacturing business profitable range up to £6m.

But the most widely accepted figure is £2.4m on top of the £500,000, an estimate by PA Management Consultants.

Hope of ship order fades

BY IAN HARGREAVES

BRITISH SHIPBUILDERS' chan BRITISH shipbuilders' chances of securing an early order from Pakistan with the use of overseas aid funds, vanished yesterday after a meeting between Mrs. Judith Hart, Overseas Development Minister, and Mr. Mustafa Gokal, Pakistan's Shipping Minister.

Mr. Gokal was in London to discuss a possible £25m deal involving four or five standard cargo ships from the Austin and Pickersgill yard in Sunderland.

But the Pakistan Minister apparently made it clear that his Government was not interested in switching any of its programmed aid from Britain into ship purchases either this year or next. During that time, Pakistan will receive £52m in UK aid.

Mrs. Hart told Mr. Gokal that she would explore with the Departments of Trade and Industry whether any alternative means of financing the deal could be found.

But any contract subsidised by the Government's shipbuilding intervention fund—the latest £85m tranche of which has not yet been touched—would still require backing from the Government's Export Credit Guarantee Department for the remaining loan.

At present, Pakistan is regarded as a high-risk country and ECGD is unwilling to cover any shipbuilding loan.

Mr. Gokal is on a shopping trip for 21 vessels, which are needed to replace aging ships in the Pakistan National Shipping Line's fleet.

The Japanese have made a strong bid for part of this requirement, offering credit terms over 30 years with a 10-year moratorium on payment and an interest rate of 3 per cent.

One of the few export orders booked by British Shipbuilders in the last year, a £52m deal to build cargo ships for India, was won with the aid of an overseas aid grant for the full sum.

Bank hours 'not more flexible'

MR. ROY HATTERSLEY, Prices and Consumer Protection Secretary, voiced regret yesterday that the banks had failed to make opening hours more flexible, as recommended in the Price Commission report this year.

He commented that the issue involved the interests of bank staff and their associations.

He was reporting on discussions with the banks on issues arising from the commission's report on bank charges.

Tories renew emphasis on reducing taxation

BY ELINOR GOODMAN

A CONSERVATIVE Government would regard a reduction in direct taxation as its top priority, Mr. John Nott, the Tory trade spokesman, promised yesterday.

He attacked the taxation system and the bureaucracy it involved. Only if people were allowed to keep more of their income would the economy start to grow again, he suggested.

Mr. Nott said the average amount of income tax paid by each household had more than doubled in the past four and a half years.

In Darlington, Mr. Francis Pym, Opposition devolution spokesman, decided the Prime Minister's reputation as a statesman-like figure, above party politics. Mr. Callaghan, he said, liked to adopt the guise of moderation, but evidence suggested that the rest of the Labour Party was becoming more extreme daily.

● Mr. Ron Hayward, general secretary of the Labour Party, accused the Tories of being divided over pay policy, law and order, and immigration. The only uniting factor was that both sides wanted power.

● Mr. Stanley Orme, Minister for Social Security, said that 1,000 new jobs would have to be created every day for three years to reduce unemployment to below 1m by 1981. In an articles in Tribune, he urged a wealth tax and a stiff capital transfer tax.

Access to aid over faulty buys

NEWS ANALYSIS

● CREDIT CARDS

By Michael Blanden

THE CONCESSION announced yesterday by the two bank credit groups, Access and Barclaycard, is an important step towards improving the protection enjoyed by their card holders.

The voluntary step gives those who first took out their cards before July 1 last year limited recourse to the credit companies for faulty goods bought through the cards.

It follows a long technical argument between the card organisations and the Office of Fair Trading over the application of the Consumer Credit Act, 1974.

The step is unlikely to bring the argument to an end.

For their part, the banks will continue to press for a change in the law, to reduce what they regard as an unconscionably heavy potential liability on them for faulty goods.

On the other side, Mr. Gordon Borrie, Director General of Fair Trading, made clear yesterday that he regarded the banks' action as falling short of what he wanted, and that he still disagreed with the interpretation that they have put on the Act.

The issue revolves round Section 75 of the Consumer Credit Act. The section, made effective on July 1 this year, gives extensive protection for consumer borrowers involved in what are known as "connected lender" transactions.

Those arise where the consumer borrows money to pay for a purchase from a lender who has a direct agreement with the retailer of the goods.

Typically, the provision would apply to the traditional hire-purchase transaction, where the garage arranges a loan at the same time as selling the car.

It also affects the bank card companies, which similarly have direct agreements with their far greater number and diversity of retail outlets. American Express and Diners' Club, which do not provide extended credit, are not involved.

The new law means that where a consumer uses a credit card to make a single purchase for a value of between £30 and £10,000, he has a claim against the card company if the goods prove faulty.

The card company, in turn, has recourse back to the retailer. However, the card groups have argued that the liability implied is excessive and that they do not believe the original intention of Parliament was to impose such a burden.

The liability covers not only the amount of the loan taken on the cards but to the whole value of the goods involved and to possible consequential damage, including compensation for injuries or damage arising from the defective item.

Moreover, the card groups say, their liability arises even if the card is used merely as a means of settlement, and the debt is paid off without extended credit.

They have nightmares about the thought of an individual's using a card to pay a modest deposit on a new car that proves faulty and is consequently involved in an accident. Huge damages might result that the card companies would have to meet.

Both companies have attempted to find insurance against the risk. Barclaycard has taken out limited cover; Access decided that it would be too expensive.

So far, indeed, their experience has not been serious. Barclaycard, with about 750,000 new card holders to whom the provisions apply, says it has had only one case under the Act since the provision took effect; Access says it has had three, all settled without reaching the courts.

The second main issue has arisen over application of the new provision. The banks have insisted that it relates only to those card holders who have actually taken out their cards since July 1 last year.

That has enabled them to avoid the responsibility in relation to the many more people who held cards before them.

The Office of Fair Trading maintained at one stage that the Act should apply to all holders, since the renewal of a card might be regarded as a new contract.

That point seems to have been dropped. But Mr. Borrie still insists that the law implies full responsibility on the card companies for the liabilities covered by the provision; and that it is entirely unsatisfactory that the effect has been to create two classes of card holder, before and after the relevant date.

The banks have not been willing to take on the full liability for the "old" card holders, because they are unhappy with the burden involved and because in any case their interpretation of the law would mean that they would not in those cases have statutory recourse to the retailer.

They say that anyway they have always been willing to take up a card holder's dispute with a retailer, with their agreement with the retail outlet as a lever.

Liability

Now they have voluntarily taken a further but limited step. They have accepted the liability in relation to "old" card holders; but only up to the amount of the transaction charged to the card holder's account.

That might be anything from the value of the whole transaction, but excluding consequential loss, down to a small deposit. That accords with the method they would like to see used throughout, for new as well as old cards, and, the banks say, is similar to the liability imposed in the U.S. and the approach expected to be adopted in the EEC.

Mr. Borrie's comment yesterday was that the card companies had "flouted the intentions of Parliament." His concluding remarks indicated that he was far from satisfied with the whole situation and would consider whether the law should be changed so that all card holders would get the same treatment.

Secretaries 'will be rare as servants'

Financial Times Reporter

SECRETARIES will one day be as rare as domestic servants because of poor promotion prospects and growing office automation.

That was the conclusion of a conference at University College London, yesterday to investigate the capital's secretary shortage.

The organiser, Mrs. Kay Sykes, head of a West End employment agency, criticised managements which denied secretaries promotion on the basis of their qualifications and ability and regarded them merely as "a valued piece of office furniture."

Equal Opportunities for Secretaries, available from Kay Sykes and Partners, 10, Golden Square, London, W1.

HOME NEWS

Ulster warning on jobs euphoria

By Our Belfast Correspondent

A WARNING against "an early euphoria" over the creation of new jobs through the revival of investor confident in Ulster has been given by the Northern Ireland Economic Council.

A report to Mr. Roy Mason, Ulster Secretary, by the 15-strong council said that the present rate of job creation fell far short of that needed to have a significant effect on the core of the unemployment problem.

Ulster remained heavily dependent on industries more likely to contract than to expand their workforces. Although there was no cause for despondency, the prospect of improvement must lie some distance in the future.

Difficulty

The council, which was reconstituted last year and consists of industrial, trade union and independent nominees, also urged the Government to speed up the preparation of an economic plan for Ulster.

It had hoped for faster progress on this front but it recognised the difficulty lay in the fact that the province was neither a political nor an economic entity.

In the coming year, the council, headed by Professor Charles Carter, lately vice-chancellor of Lancaster University, will consider preparing a document on the prospects until the turn of the century.

It said that it would not be easy to restore the momentum of economic development of the 60s. This would depend on more peaceful conditions in Ulster and an upturn in the international economy.

Talks will 'not break deadlock'

By Our Belfast Correspondent

MR. ROY MASON, the Ulster Secretary, has begun a new round of talks with the main political parties in the province, but they hold little prospect of breaking the stalemate between the two major blocs.

Mr. Mason, who will not be putting forward any fresh proposals, is inviting comment on plans for a strengthening of local government first mooted last year.

He has already met the mainly Roman Catholic Social Democratic and Labour Party for discussions which coincided with increased demands in Britain for a withdrawal from the province.

Carpet trade profits hit by over-capacity

BY OUR TEXTILES CORRESPONDENT

SERIOUS over-capacity in the carpet industry and weak consumer demand has hit the profits of both manufacturers and distributors, according to a new study of nearly 100 companies.

The report shows that in the three years ending April last year turnover among manufacturers increased on average by 34 per cent while distributors recorded a rise of 44 per cent.

Profits among distributors were on a rising trend in the first half of the review period but in the second half the improvement petered out and the number of companies suffering losses increased to six.

Among manufacturing companies, profits showed some recovery in 1976-77 after a poor year in 1975-76, but at the end of the period there were seven loss-making concerns.

The weak home market was compensated for to some extent by increased exports activity, particularly in Europe where UK products remain highly competitive, but price competition among exporters, the report by Inter - Company Comparisons notes, has tended to depress profitability.

Among manufacturers, profit margins fell from an average 5.2 per cent in 1974-75 to 4.4 per cent in 1976-77, with only two companies—Axminster Carpets and Leigh Spinners—achieving double figures in the final year.

The report notes that there are some signs that manufacturers are becoming more aware of the need for greater efficiency and cost control, with credit periods being marginally reduced and a slight improvement in stock turnover and asset utilisation, during the period under review.

It says that the industry evidently has been unable to raise prices sufficiently to allow for big increases in the cost of raw materials, overheads and labour.

There were signs that prospects were improving, but it was likely to be some time before there was a return to the profitability seen in 1973-74—the last good period for the industry.

A report by ICC discloses textile machinery as a sector with considerable problems. The survey lists turnover assets, liabilities and profits for 218 companies in the industry, but in the case of a further 58 companies, the records lodged with Companies House were considered too old to be of use.

Of the companies listed only 50 per cent increased turnover in the second of the two years under review, though about 52 per cent managed to increase profits.

Carpet Manufacturers and Distributors. ICC Business Ratio Report. £55. Textile machinery manufacturers and distributors. ICC financial survey. £27.80. 81, City Road, London EC1Y 1BD.

Plessey sees major market for new repeater radio set

BY JOHN LLOYD

PLESSEY INTRODUCED yesterday what it claimed to be "a wholly new concept in radio communications," which it expects to take a big share of a domestic and export market estimated to be worth about £350m.

The device, Groundsat, is a portable very high frequency (VHF) repeater station that can receive and transmit radio messages simultaneously on the same channel. It thus provides soldiers in the field with the ability to communicate with each other and to their command post while out of line of sight of each other, as long as they remain in line of sight of Groundsat, which relays their messages.

VHF cannot communicate reliably outside line of sight and to overcome that existing military repeater stations use one large set to receive and another to transmit. They are commonly fitted into a vehicle.

Groundsat can be carried on a man's back in addition to other equipment. It can be operated unmanned in repeater mode and double as a normal VHF pack radio.

The set is battery-powered and programmed to switch itself off while not receiving or transmitting. Battery life is reckoned to be about 12 hours.

Groundsat will sell, with aeriels, for about £5,000. Mr. Frank Chorley, managing director of Plessey Electronic Systems, said that there might be a market for 50,000.

"There are around 250,000 VHF sets in our accessible market at the moment. We reckon that there could be a Groundsat in use with every five of these sets, on average."

The equipment has been designed by Plessey over the last 18 months and the company believes that it has a decisive lead over every other manufacturer.

It considers that its HF, VHF and UHF "family" of radios constitute a complete, advanced military communications system.

After field demonstrations to the Ministry of Defence this week, Mr. Chorley said that officials had been impressed with Groundsat's performance. The Ministry has ordered sets to test.

Mr. Chorley believes that the export markets for Groundsat will be mainly in Africa and the Middle East, where Plessey's military communications equipment sales have grown most rapidly in recent years.

The Electronic Systems division has a turnover of £160m, about a quarter of the company's total. The division has an annual target growth of 15 per cent, bringing it to a target of £250m of turnover by 1982.

Sheffield area labour market to be surveyed

By Our Sheffield Correspondent

THE MANPOWER Services Commission is to carry out a large-scale study of the labour market in the metropolitan areas of Sheffield and Rotherham, South Yorkshire.

The study attempts definitively to identify future labour needs in the region, and relate those to training facilities available in the public and private sectors.

Skilled workers there have always been few, and the region's basic industries, such as coal and special steel, are introducing new technology. That reduces manpower and raises the level of recruit quality likely to be needed in the 1980s.

Tin mine's future 'resolved soon'

BY PAUL CHEESERIGHT

THE GOVERNMENT'S search for a means of keeping open the loss-making Wheal Jane tin mine near Truro in Cornwall is leading it back to Consolidated Gold Fields, the existing owners who ceased production at the beginning of May.

Since then the Department of Industry has held talks with other companies, notably with Cornwall Tin and Mining, the owners of Mount Wellington tin mine, which is adjacent to Wheal Jane. Indeed, the closure of Mount Wellington in April precipitated Gold Fields' decision on Wheal Jane.

Although Cornwall Tin had a report prepared on Wheal Jane and submitted it to the Department at the beginning of this month, it has made no definite proposals for a re-opening.

Mr. Michael Davies, Cornwall Tin's manager at Mount Wellington, said yesterday that the company would take no further action on Wheal Jane until it had received Government reaction to its report.

Discussions

This apparent tardiness is pushing the Department into stepping up the pace of discussions with Gold Fields. It is likely that the issue will be resolved within the next six weeks.

Gold Fields has made no new proposals to the Department, but a scheme to safeguard the future of the mine could emerge as the discussions develop.

The shifting pattern of talks about Wheal Jane has become more complicated, however. It is believed that an American businessman is interested in mounting a rescue bid for Wheal Jane, although neither his identity nor the terms under which he would contemplate action are yet known.

Cut-price goods offer in race for holiday trade

BY JAMES McDONALD

PACKAGE TOUR operators are bidding against each other with offers of cut-price goods to win next year's holiday market.

Thomas Cook, the Midland Bank subsidiary, led the field yesterday with an offer starting today of a £40 holiday bonus to anyone who books a package holiday, including week-end breaks, costing as little as £15.

The offer also applies to holidays Cook's sell for other tour operators, such as Thomson, Cosmos, Global, Horizon and Blue Sky. Cook's has 160 High Street offices.

The Automobile Association is offering binoculars, cameras, luggage and a wide range of other leisure items to AA members booking air inclusive holidays through the association's 40 travel offices in Britain. The move has been arranged in conjunction with leading tour operators.

Mr. Andrew Barrett, marketing director of Thomas Cook, said yesterday that the Cook's campaign, apart from the advertising, would cost little.

The offer is in the form of discount coupons, given to customers when they have paid for their holidays and available for one year.

The discounts arranged with a number of national suppliers, include 10 per cent off any purchase at Green's Stores and Hi-Fi stores, plus a free film offer, a £10 reduction in Avis or Hertz car rentals, if booked at the same time as the holiday, and £5 discount on a minimum purchase of £35 at Hepworths Menswear.

A £5 discount is offered on any piece of Antler luggage costing over £35, and the scheme also inclues a saving of 5p on Nivea suntan products at Boots and a £2.80 reduction in Cook's existing Countdown Discount Service membership.

The AA offers members who choose a holiday from one of the tour operators in its scheme gift vouchers valued at £5 for every £100 of the value of the holiday booked.

These vouchers can be used to buy goods from the AA's mail order catalogue, which includes books, cameras and luggage.

Among the travel agencies allied with the AA are two who are also in the Cook's fold—Global and Thomson.

Job laws are inhibiting recruitment–study

BY RHYS DAVID

EMPLOYMENT LAWS are making companies on Merseyside markedly less inclined to take on new workers, according to a survey of companies with less than 50 employees.

The survey, conducted by the local Chamber of Commerce, conflicts with a recent report by the Department of Employment among manufacturing industry as a whole. The local survey showed that 82 per cent of the firms said provisions on unfair dismissal inhibited recruitment.

Redundancy procedures were also mentioned by nearly half the companies as holding back recruitment.

Church will have to find extra £15m

BY JAMES McDONALD

THE CHURCH of England will have to find an extra £8m this year and a further £7m next year to keep going at its present rate, says a report from the joint liaison committee of the Church Commissioners and the Church of England's Central Board of Finance.

The report, published today, on the Church's finances for 1976-1979, says it cost £102m to operate last year and that the amount is likely to rise to £117m this year and to £131m by 1979.

"Nearly half of this must come from church members; the rest from investment income and fees."

Inflation

In recent years the Church's income had not kept pace with inflation. "Between 1966 and 1976 income from regular giving rose by 80p in the £1 in money terms but prices considerably more than doubled over the same period."

As a result, the real value of regular giving to the Church in 1976 was a third less than in 1966.

The report shows that each church member might consider covenanting £1 a week for every £1,000 of annual income. This would be equivalent to about 5 per cent of net annual income.

Sir Ronald, First Church Estates Commissioner, said that the Church was increasingly dependent upon laity support.

Fodens wins £5m contracts

FINANCIAL TIMES REPORTER

FODENS, the truck making group, has won new orders worth about £5m to supply 300 heavy duty winter maintenance vehicles to the Department of Transport.

They will replace the present fleet of motorway snow plough cutting machines and will be supplied over the next four years. The first year's requirement is 66 machines worth £1.7m.

The group has also won an order worth £1.7m for rigid tipping vehicles for the Tarmac Roadstone Group.

Countries including Nigeria, Tunisia, North Yemen, Saudi Arabia, Libya, Iraq and the United Arab Emirates have ordered more than 40 vehicles worth £1.25m.

The company has made a break-through in Ireland with the sale of rigid tipping vehicles worth £500,000 to the Roadstone Group.

HOME NEWS

Scrutiny call in Agents' inquiry

SCRUTINY OF the parts played by the Ministry of Overseas Development, the Treasury and the Bank of England in the Crown Agents affair—involving £200m losses—was yesterday demanded by Mr. Robert Gatehouse, QC, at the public inquiry.

"Did these bodies do enough to find out about the Crown Agents own account activities and when they did find out, did they do enough to control the situation and prevent it getting worse?" he asked.

Mr. Gatehouse had earlier said that a quarter of a million pounds loaned by the Crown Agents to a finance company was never sufficiently covered by security, and a large part of it found its way into the pockets of the directors.

Mr. Bernard Wheatley, Crown Agents Money Market manager, who died in July last year, had been a director of Sterling Industrial Securities since its formation in June, 1969, as a Crown Agents nominee.

His co-directors were Sidney Finlay, who also controlled Big City Finance and its money lending subsidiary, and Mr. Sidney Davidson.

It was in respect of two loans to Mr. Wheatley, that Mr. Finley was convicted on corruption charges at the Old Bailey last July.

Mr. Gatehouse was speaking of a loan of £750,000 from the Crown Agents in November, 1974, to Big City Finance and two loans by Anchor, its money-lending subsidiary.

The documents would show that between 1969 and 1974 Mr. Wheatley borrowed from Anchor, Finley's company, a total of £322,000 in a series of loans.

In no case was any security given by Mr. Wheatley and on all subsequent loans interest was "booked but never paid." By February, 1974, Wheatley still owed £58,000, having in the past discharged a number of loans.

Critical

Turning to what he called five critical days, Mr. Gatehouse said, that on February 20, 1974, Mr. Wheatley as the Sterling Money Market manager, authorised a Crown Agents loan of £750,000 to Big City and on February 22, the Friday that sum was actually received into the Big City's account with Sterling Industrial Securities.

That same day, the money-lending company, Anchor, paid out, along with other payments, £239,000 to Mr. Davidson the managing director of Sterling Industrial Securities.

Mr. Davidson paid out £20,000 to Finley and £168,000 in round figures to Mr. Wheatley, without taking any security from him. On the following Monday, Sterling Industrial Securities credited Anchor's bank account with the £750,000.

The hearing was adjourned until Monday.

English furniture in demand

SALEROOM

BY ANTONY THORNCROFT

THE GREATER demand for English furniture apparent at the end of last season still persists, judging by Christie's sales yesterday, which totalled £109,837.

Chairs were doing especially well. A set of 12 George III mahogany dining chairs, with the Prince of Wales feathers, sold to Fredericks for £3,400, and eight Regency mahogany chairs fetched £1,800 to Sorgeloose, a Belgian dealer.

Rubin Bros. gave £3,400 for a Regency mahogany breakfront secretaire bookcase, and a George III fiddle back mahogany breakfast table sold for £2,600.

Christie's South Kensington sold dolls furniture.

A Queen Anne bureau made by Horace Draper between the wars sold for £190, and a Queen Anne tallboy for £100. A clockwork coolie pulling a rickshaw made £700 in an auction totalling £12,309.

Antiques and Art Monitor, a new magazine for antique collectors, appears this week, priced at 35p. It is a weekly that nicely blends the investing and the artistic appeal of antiques.

The first issue contains an article by Bevis Hillier on posters, and regular features include a valuation service, a look at what is happening in the salerooms, and original research. In the first issue, Geoffrey Godden looks at Shropshire porcelain.

Companies' return on capital improved to 4.5% last year

BY DAVID FREUD

THE RATE of return on capital employed by UK companies improved substantially in real terms last year, although it remained at an historically low level.

The official magazine Trade and Industry reports today that real profitability of industrial and commercial companies rose from 3.5 per cent in 1976 to 4.5 per cent last year.

The measure of real profitability is derived from the rate of return on capital after adjusting for inflation and the cost of financing increased stock values.

The rate of return was still very low compared with the 1960s, when the figure varied between 14.2 and 10 per cent.

Decline

Half of the improvement last year was because of North Sea exploration and production activity, which had a real rate of return much greater than the average for the rest of the economy for the first time. Without the North Sea sector real profitability would have been cut from 4.5 to 4 per cent last year.

Manufacturing companies' real profitability increased more than that for industrial and commercial companies, but from a lower base.

Real return for these companies was 3.2 per cent last year, compared with 1.9 per cent in 1976. The average rate through the 1960s was 9.9 per cent.

The sharp fall in real rates of return took place between 1973 and 1974 when the rate for industrial and commercial companies fell from 7.1 to 3.7 per cent. However, a steady long-term decline had been evident before then.

The article says that profitability is subject to cyclical variations and it is too early to say whether the rise last year marked the start of a reversal of the long-term decline as opposed to a modest revival from a particularly severe depression in the cycle.

But the falling trend in company profits shown in provisional estimates for the Gross Domestic Product in the first half of this year, released on Wednesday, suggest that last year's improvement in real profitability has not continued.

The strength of profits in the North Sea sector last year is underlined by the fact that while they contributed to half the rise in real profitability, North Sea activities accounted for only 3.5 per cent of the total.

Substantial capital has been employed in the North Sea since 1974 and, until last year, the rate of return was negative or smaller than the overall rate for all industrial and commercial companies' activities.

Breakdown

A breakdown of real profitability for listed companies in different sectors shows that in 1976, the latest year for which figures are available, both metal manufacture and textiles, leather, clothing and footwear, had negative rates of return.

The large listed companies in these two sectors had average negative real profitability of 3 and 1.3 per cent respectively. These two sectors' decline from returns in 1975 was against the overall trend for listed manufacturing companies, whose real profitability rose from 2.6 to 4.3 per cent.

RETURN ON CAPITAL

	Industrial and commercial companies	Manufacturing companies
	At replacement costs %	
	After providing for stock appreciation	After providing for stock appreciation
1960	14.2	12.8
1961	12.3	10.7
1962	11.2	9.7
1963	12.1	10.3
1964	12.5	10.8
1965	11.8	10.2
1966	10.2	8.7
1967	10.5	8.9
1968	10.3	8.8
1969	10.0	8.5
1970	8.7	6.8
1971	8.6	6.8
1972	8.5	6.8
1973	7.1	5.7
1974	3.7	1.6
1975	3.1	1.4
1976	3.5	1.9
1977	4.5	3.2
Excluding North Sea exploration and production activities		
1977	4.0	

Power stations 'need less coal'

BY JOHN LLOYD

CONSUMPTION OF coal in UK power stations will be about 85m tonnes by the mid-1980s, more than 10m tonnes lower than at present and 15m tonnes below the target set by the National Coal Board, according to a report published yesterday.

The report, Steam Coal and Energy Needs in Europe to 1985, by the Economist Research Unit, agrees with the assumptions made by the Central Electricity Generating Board, which sees a decreasing use for coal for electricity generation.

The Coal Board and the Government still adhere to its target of 80m tonnes a year for power station use by 1985.

The report sees an increased demand for steam, or power station, coal in Western Europe as the demand for solid fuel in power stations continues to rise in absolute terms.

But the unit expects that any extra steam coal required by EEC member countries will be supplied by third countries, probably South Africa, "providing production is not disrupted."

Substantial exports of coal from the UK are thought unlikely unless subsidised by the Government. Earlier this year, the Council of Ministers failed to agree on a scheme to use EEC funds to subsidise steam coal sales within the Community.

The report forecasts an import demand of about 20m tonnes of coal a year by Western European countries by 1985.

The price of imported coal is thought unlikely to rise much in real terms over the next seven years, even if there is some acceleration in oil prices.

"Prices will continue to be determined by the supply/demand balance of coal more than by fuel oil prices. Export availability will increase as fast as, or faster than, import demand and most of the increased availability will take place in the lowest cost source of supply, South Africa," the report says.

"Steam Coal and Energy Needs in Europe," by A. W. Gordon, from the Economist Intelligence Unit, 27 St. James Place, London SW1A 1NT, price £25.

Highlands helicopter link starts soon

By Our Scottish Correspondent

THE FIRST scheduled helicopter service in Scotland is to begin next month between Fort William and Glasgow.

Burnthills Aviation, of Glasgow, will run the service, with a subsidy of £24,000 from the Highlands and Islands Development Board and local authorities towards the costs of the first year's operations.

Initially it will use a four-passenger Augusta-Bell Jet-Ranger, which will take 40 minutes to complete the journey at a single fare of £25. Five round trips a week will be flown during the winter to connect with flights from Glasgow to UK airports.

Mr. Keith Farquharson, of the Highlands board, said that the link was needed for business travel. Industries at Fort William include British Aluminium's smelter and Britain's largest wood pulp mill.

"We feel a comprehensive network of air services, linking all parts of the Highlands and Islands with the major Scottish airports, is vital to the proper economic development of the area," Mr. Farquharson said.

Beer division reorganised

BY COLLEEN TOOMEY

A REORGANISATION of Allied Breweries' beer division will be completed on Monday with the inauguration of a company to administer its national take-home beer sales.

Ind Coope Home Sales is switching from a regional to national status since most of its customers such as supermarkets, clubs and off-licences have branches throughout England and Wales. Scotland remains as a separate organisation. It is one of the few Allied profit-centres to be centralised since most of the reorganisation has aimed for decentralised operations to increase local incentive and to become better geared for local requirements.

Previously, take-home beer sales had been handled by regional teams based within the old sales companies of Joshua Tetley in the north, Ansells in the Midlands and South Wales, Ind Coope in the south and Ind Coope (Scotland) north of the border.

The take-home beer market has grown in the last few years. Last year it was up by 3 per cent in volume and is expected to rise by 8 per cent a year.

Allied now claims to have the lion's share with company brands accounting for about 15 per cent of the £350m take-home beer sales.

More sports cash 'will cut health bill'

MORE MONEY for sports could mean healthy savings in the National Health Service bill, according to the Sports Council.

Mr. Dick Jeeps, chairman of the council appeals in a letter to Mr. Roland Moyle, Minister of State for Health, for more Government money for sport. "Whatever its faults may be, the NHS does a good job under difficult conditions, but we would like to see a higher priority given to preventative medicine to keep people fitter and healthier."

The council believes more resources would lead to greater savings in health service spending.

Glasgow fights grants cut

BY RAY PERMAN, SCOTTISH CORRESPONDENT

GLASGOW, faced with some of the worst problems of urban decay in Britain, will lose £22.5m in Government grants in the next five years because of falling population.

The city council's finance committee, informed of this yesterday, will seek a meeting with Mr. Bruce Millan, Secretary of State for Scotland, and Glasgow MPs to press for a change in the way aid is calculated.

Like other large cities Glasgow has switched its policy in recent years from encouraging people to move out to New Towns, and is trying to persuade them to stay. Despite this the population has fallen to 832,000, and is dropping by more than 20,000 a year.

This causes the resources element of the Government rate support grant, indexed to population, to fall by £1.5m a year.

Mr. William English, the council's finance director, said: "We face the dilemma that in order to spend more money to make the city a more attractive place to live, we have had to put up our rates to the highest of any district in Scotland, which makes it less attractive."

Glasgow's rate is 26.5p in the pound, compared with 5p in the lowest-rated district.

£3,300 for claret

BY EDMUND PENNING-ROWSELL

A single bottle of Lafite 1806 was yesterday bought by a Florida wine merchant for £3,300 at Christies' first finest and rarest wine sale of the season.

If this was well under the world record, of £8,300 for a single bottle of wine, achieved for a similar bottle a year ago in the same room, the price at about £500 a glass, seemed sufficient.

This was the top-priced item in a collection of single bottles and magnums of old Lafites. The other outstanding prices included £1,000 apiece for a bottle of the 1854, and for a magnum of the 1900, and £950 for a magnum of the 1858s. The 22 bottles realised £10,500.

A magnum of Lafite 1870 from another source which at the Glamis Castle sale in 1971, fetched £83, now brought £960.

Specially for this sale, Chateau Lafite had released a small number of bottles of post-war vintages. The best prices were £800 for a jeroboam (equals six bottles) of the 1949, and £720 for two double-magnums of the 1961s.

Other notable claret prices, mostly paid by American buyers, some of whom had flown over in Concorde for the sale, included £115 for a single bottle of Desmirail 1875, £130 for another of Cos d'Estournel 1879, £800 for an imperiale (equals eight bottles) of Ch. Margaux 1924 and £1,300 for a dozen Mouton-Rothschild 1945.

A remarkable series of single bottles of Yquem from the 1871 to 1929 vintages brought very high bids. The leading prices were £250 (1871), £150 (1893), £240 (1900), £150 (1908), £135 (1914), £110 (1921), £145 (1928) and £155 (1929).

Among an exceptional run of old Madeiras a single bottle of Cama do Lobos 1789 brought £220, and another of 1815 Waterloo Boal went for £150.

The sale total was £73,976.

Super control

BRITAIN'S most modern police control-room, with computerised equipment worth £¾m is to be opened at Northampton today. An open day for the public will be held tomorrow.

Rise in shock absorber sales

BY KENNETH GOODING

THE UK market for car shock absorbers has been growing at an annual rate of 25 to 30 per cent since inspection of these items was added to the annual official car test requirements, according to Mr. Tony Glynn, general manager of Woodhead Manufacturing, a leading British producer of shock absorbers.

Previously, the market had been advancing at about 7 per cent a year.

Woodhead, part of the quoted Jonas Woodhead Group yesterday launched three new shock absorbers aimed particularly at the UK replacement market and worth around £40m. a year at retail prices.

The company hopes to sell 7m a year of its new standard shock absorbers, 1m world-wide of adjustable units, and a smaller volume of the special air-adjusted shock absorbers it has introduced.

It expects to cut into imports of adjustable shock absorbers, now running at an annual 200,000 pairs, mainly from Holland and the Channel Islands.

Although strong in Europe, Woodhead is still building up its business in the U.S., the biggest individual market for shock absorbers where per capita "consumption" is 24 times greater than in the UK.

● NEWS ANALYSIS—HOSPITAL SUPERVISORS

Pay policy faces new test

BY PAULINE CLARK, LABOUR STAFF

LEADERS of the four-day nationwide industrial action by 3,500 hospital works officers were yesterday puzzling at the sudden use on Tuesday night of the Government's pay policy as a constraint in their differentials claim.

They felt the Government was recklessly plunging into a confrontation with a comparatively small but determined group of aggrieved workers whose action might prove dangerous to Labour's public image and pay policy.

The hospital works officers do not have to sustain industrial action long before public reaction begins to have a bearing on the outcome.

The effect of the works officers' ban on stand-by duty and their restrictions on machinery repairs in hospital laundries and central sterile supplies departments is already hitting some hospitals hard.

Nine out of 14 regions have reported that hospital authorities have had either to restrict non-urgent admissions or to accept emergencies only. And the majority of regions not yet badly hit are expecting to take similar action if the dispute is not settled by the weekend.

The other and more difficult area of public reaction, however, depends not only on the merits of the unions' case, but also on how easy it is to put across.

The five unions involved insist that their case rests more on a question of principle than on a desire for more money.

The unions have been offered a new salary structure for a proportion of the 3,500 works officers which they claim (and so far neither the employers nor the Government seem to have disputed this) will mean that some of those officers will be earning less than the craftsmen they supervise.

Complaint

The offer bears out this complaint. Engineer and building officers in the two lowest grades would be earning between £4,497 to £4,728 compared with the highest grade craftsman on £4,665 including a bonus of 33⅓ per cent.

Ironically, without the bonus which Mr. David Ennals, secretary for health and social security, was instrumental in getting for hospital electricians in their dispute last July, the row with the works officers would not have happened. The highest grade craftsman without his bonus earns only £3,500.

Mr. Allan Black, national officer in the Union of Construction, Allied Trades and Technicians and secretary of the staff side negotiators, made the position clear after the four representative unions' talks at the Department of Health on Tuesday night. "Our claim is not a simple one for more pay—and neither have we any wish to fight the Government's pay policy," he said.

He and Mr. Colm O'Kane, of the Confederation of Health Service Employees and chairman of the staff side, stressed two points which they felt should make their dispute immune from Government pay policy.

These were that their argument was over a new salary structure related to the creation of new posts under the 1974 reorganisation of the health service, and that there would be no automatic pay rise for any of their 3,500 members involved.

Each of the new posts would have to be applied for and even if all applications were successful, the four new gradings would only apply to about 2,500 of the 3,500. Of these, an unspecified number in only the two lowest supervisors grades would find they were earning less than the men working under them.

They also take the view that following the go-ahead given last summer by Mr. Roland Moyle, Minister for Health, for talks on a new salary structure and the offer of a scale of £4,497-£5,073 to replace the existing £2,970-£5,073, an advance outside the Government's pay policy has already been made. This was on top of the increases they received last April under the 10 per cent policy.

If Mr. Ennals's statement on Tuesday that any improvement on the offer would be unacceptable to the Government proves to be the case, it seems likely to rest on the argument that the new structure is a regrading exercise. This means that there can be give-and-take but the overall cost of the new structure must come within the guidelines.

The reaction of the works officers was a clear-cut statement from the National and Local Government Officers Association yesterday. It said that when the staff side met Mr. Eric Deakins, Under-Secretary for Health, on August 11 "it was clear we were being treated as a special case."

If the pay policy argument were to be introduced, it said, it would very likely have a serious consequence on industrial action.

LABOUR NEWS

Chrysler pay at Luton unfair, arbitrators say

UNION OFFICIALS recommended the 2,500 striking Chrysler workers yesterday to return to work after a meeting of the Central Arbitration Committee.

Wednesday's meeting of the committee was brought forward by six days because of the three-week strike that paralysed two Chrysler truck plants at Luton and Dunstable.

The committee, which has the power to award increases higher than those permitted under the Government pay code, agreed that the Bedfordshire men were unfairly treated compared with other car workers.

It suggested that the company should pay time and a third for the first two hours' overtime in any day; time and a half for Saturdays; and double time for Sunday working.

The strike has cost Chrysler about 1,200 vehicles, valued at about £6m. The company has not opposed the men's claims that they were paid less than other engineering workers, but said that it was bound by the Government's pay restrictions.

More talks between the 32 striking SU fuel systems toolmakers and full-time local officials of the engineering union yesterday failed to produce a peace formula.

The toolmakers, who have been on strike for seven weeks, demanding parity with Leyland toolroom men at Rover, asked the district committee to ensure that the union's executive council would promise support if the company at any national conference refused the claim.

Mr. Bill Jordan, West Midlands divisional organiser of the Amalgamated Union of Engineering Workers, said that they would consider the request but that they were unlikely to agree to it.

They had asked the men to return to work so that a conference could be held at which the company could provide a solution consistent with its parity programme.

He criticised the unofficial Leyland toolmakers' body, led by Mr. Roy Fraser, for using the SU strike as a "political football."

National trade union officials have agreed to visit Leyland Vehicles' truck and tractor plant at Bathgate to discuss longstanding "discontent" on the part of the plant's 5,500 work force.

The shop stewards, who had previously ignored union pleas to call off a six-week strike by 1,500 machinists, agreed on Tuesday to recommend a return to work at a meeting of the men today.

Singer workers seek grant in bid to save 3,000 jobs

THE GOVERNMENT is likely to be faced soon with a request for substantial financial assistance toward rebuilding and modernising the Singer sewing machine factory at Clydebank, Scotland.

Shop stewards at the plant, which faces losses of nearly 3,000 of its 5,000 jobs, have received an interim report from PA Management Consultants, which they commissioned to make a £70,000 investigation into an alternative strategy.

Mr. Gavin Laird, Scottish executive member of the Amalgamated Union of Engineering Workers, said after talks with the stewards in Glasgow yesterday that four main options had been identified.

All involve initial retention of industrial sewing machine production, which Singer wants to phase out. The options concern the number of jobs that could be saved in relation to likely new investment.

Mr. Laird said they expected a final and fuller report from the consultants shortly. The unions hoped to be able to decide on their plans at next month's Labour conference, which would be attended by the Ministers who had the power to decide on the necessary financial aid.

The Prime Minister, who met Mr. Joe Flavin, Singer's chairman, earlier this year, has said that the Government would be willing to contribute toward the cost of a viable scheme which saved jobs at Clydebank.

Mr. Laird said the options identified by the consultants were for a short-term strategy to continue production of machines which had not the electronic controls of the new generation of sewing machines. The final report was expected to offer a long-term strategy for developing more advanced machines.

The interim report confirmed the stewards' accusations that the company did not invest in Clydebank. Some machinery in the industrial machines unit was up to 80 years old, "clapped out and located in badly-designed buildings."

The report stresses the need for considerable change in management, buildings and machine-tools. Management, it says, has been particularly at fault through a failure to invest and to anticipate new trends.

Royal College to consider joining TUC

By Our Labour Staff

THE ROYAL College of Nursing is taking first steps towards possible affiliation to the TUC after deciding to distribute a report on the issue to its members next week.

The college—a certified union—which has been attacked by some of the TUC-affiliated health service unions over the past year, said yesterday that the report would be discussed at a meeting in Guernsey next April.

It would then be decided whether to put the issue to a vote of all members at an extraordinary conference later in the year.

The report makes no recommendations but says that vital aspects of the role of the college could be strengthened by such a move.

Dockers black factory

DOCKERS at Hull decided yesterday to support an eight-day stoppage at the J. H. Fenner power transmission factory by blacking the company's goods.

About 600 rubber and textile process workers, drivers and canteen staff are involved in the dispute, over a pay claim. The workers claim a lock-out has been imposed.

The company has told them that exceeding the 5 per cent limit of pay could lead to loss of Government contracts and put jobs in jeopardy.

Race guidance issued by teachers' union

BY OUR LABOUR CORRESPONDENT

THE NATIONAL Union of Teachers, Britain's largest teaching union, yesterday issued guidance to its members intended to explode "myths surrounding race and intelligence."

Earlier this year the Union conference came out strongly against the activities of organised groups which sought to provoke racial conflict in schools. It urged teachers to "discourage as strongly as possible the myths and stereotypes on which prejudices and hatred feed" and to examine critically books and other learning materials to guard against any which were racially biased.

Mr. Fred Jarvis, general secretary, said yesterday that the Union had produced its guidance pamphlet Race, Education and Intelligence because there were many misconceptions associated with the term race.

The pamphlet, produced by biologists and psychologists at the Open University after talks with teachers, emphasises that there is no generally accepted, scientific theory of intelligence.

"It follows that one cannot objectively measure something which cannot be defined."

The pamphlet concludes that cultural diversity is a strength to be encouraged in education. Children were likely to be curious about the origin and theory of observable human differences and teachers might, in appropriate classes, wish to discuss the meaning of the term race. "This difficult and sensitive educational task is one which the exponents of race hatred in our society may do much to wreck."

Varley praises union talks on textile strategy

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

THE FIRST regional conference organised by the TUC to generate worker interest in the Government's industrial strategy was welcomed yesterday by Mr. Eric Varley, the Industry Secretary.

More than 300 delegates from all unions in the textile, clothing and footwear industries met in Leicester to discuss the detailed targets set for their sectors under the Government's industrial strategy.

Mr. Jack Macgougan, conference chairman, said the gathering marked a turning-point in the Government's strategy, and the time for action at plant level had arrived.

Yesterday's was the first of 10 conferences planned by the TUC in co-operation with the National Economic Development Office.

New technology products 'need demand created'

BY OUR LABOUR STAFF

A POLICY of economic expansion to provide demand for the products of new technology was needed, or technological change would create "structural unemployment," Mr. Ken Graham, the TUC assistant general secretary, said yesterday.

Coupled with this, new jobs had to be created more quickly and training opportunities expanded. Industry must take advantage of new industrial processes to win a larger share of sales markets, Mr. Graham said. With these policies, structural unemployment was not inevitable.

New methods of production and higher productivity would necessitate work-sharing through a concerted move in all countries toward shorter working hours.

Mr. Graham, speaking at Whitehaven, Cumbria, added that there was a continuing need for Government measures to expand employment opportunities in particular regions.

ICI in new bid to train technicians

BY NICK GARNETT, LABOUR STAFF

IMPERIAL Chemical Industries is appealing to its workforce over the heads of local union officials in an attempt to solve its shortage of technicians.

The company has started issuing notices at its Wilton site on Teesside, the complex most affected by the shortage, inviting applications for the courses which it intends restarting.

Craft unions have been refusing to co-operate in a scheme to retrain fitters and electricians as instrument artificers because of a pay dispute. Craft workers have been told not to join the scheme.

The company has been running a national advertising campaign to attract artificers from outside the company to beat the shortage which ICI blames for the closure of several of its Teesside plants, including an ethylene cracker.

Shelton jobless offered work

SOME OF the 1,200 men being made redundant this week at the Shelton Steel Works in Stoke-on-Trent will have the chance to walk into another job.

A Job Centre has been set up at the works and representatives of two big local companies, Rolls-Royce of Crewe and GEC, have been sent to recruit workers.

Michelin, the city's largest employer is also making arrangements to interview some of the men.

Redundancy cheques will average £5,000, and some men will receive up to £15,000.

ENERGY REVIEW: GEO-THERMAL POWER

BY DAVID FISHLOCK

How heat might be mined economically

AT THIS time of the year, with people returning from seaside holidays, we tend to get a flurry of ideas for tapping wavepower, remarked a Board member of the National Research Development Corporation drily. I had asked him about a telling paragraph in the NRDC's annual report this week, noting that energy still dominates the ideas it receives from private inventors, "with the emphasis on methods of tapping natural energy sources." What it thinks of most of those ideas might be gauged from the fact that not one rates a mention in its annual report.

The problem of the more obvious natural energy sources —sun, wind, waves, tides—is that they require both intensification and storage if they are to make sense for most uses. The capital cost of these provisions, in suitably robust form, tends to place even "free" energy well beyond reach.

There is one natural energy source, however, for which nature provides energy at an intensity compatible with modern uses and a store to ensure uninterrupted supply. The engineering problems in this case are quite different—how to tap a huge reservoir of heat which already exists but is under several miles of rock. Geologists believe that on more than four-fifths of the earth's surface it should be possible to tap geothermal energy sources at 100 degrees C at depths within four kilometres, and at 200 degrees C within eight kilometres.

Drilling technology today already extends to about 9 km, so sensible temperatures are within reach if the cost of "mining" can be justified. For Britain it has been suggested that, once North Sea hydrocarbon resources have been exhausted, North Sea technology might be adapted to tap the large amounts of geothermal heat known to exist in the region.

In the spring the Department of Energy announced another £858,000 for investigation of geothermal heat and of the prospects for tapping it in some parts of the UK. The programme is managed by Dr. John Garnish, with the Energy Technology Support Unit at Harwell. The main elements of the Government's "hot rocks" research programme have already been adopted as part of the £5m EEC geothermal programme, a four-year plan which has one year to run.

Hot water

But the British scientists are already discussing a pilot geothermal plant, probably in the south of England, which they might be ready to start drilling in two or three years' time.

The idea is to build upon French experience arising out of extensive geological exploration of France for hydrocarbon resources. The 5,000 wells drilled in France since World War II have disclosed little oil or gas, but have located plenty of subterranean hot water. France, which in turn has built upon Hungary's 50 years of experience, has announced plans for heating as many as 1m dwellings from geothermal sources by 1990.

Dr. Garnish's hopes are pinned on geological evidence that hot-water bearing strata—analogous to those which France has successfully exploited around Paris—extend under the English Channel to southern England. The Hampshire Basin, for instance, shows geothermal conditions very similar to those of the Paris Basin.

The subterranean heat reservoirs which France is tapping—at costs claimed to be competitive with oil for space heating—are at temperatures in the region 55-75°C. Six schemes are already installed around Paris, producing geothermal heat from a limestone aquifer, or source of water. Between them, they are designed to save about 2m tonnes of oil. They provide low-grade heat at constant temperatures from depths of the order of 1.6-1.75 km. The heat reservoir is not inexhaustible but nevertheless is very large.

A scheme at Melun, about 45 kilometres from Paris, pioneered the idea of re-injecting the water to solve the problem of disposing of warm saline waste. Around Paris the warm effluent contains 25 grams per litre of salts—equivalent to about 60 tonnes per well per day—together with dissolved hydrogen sulphide, making it an obnoxious and unusually corrosive brine.

Reinjection requires the drilling of a pair of wells—a *doublet* as the French call them—one to produce and the other to return effluent to the aquifer. The *doublet* offers three advantages: minimal pollution, constant recharging of the aquifer, and the possibility of extracting additional heat from the rock. But it also courts three risks or handicaps; salts may choke the rock at the point of reinjection, effluent may "short-circuit" and cool the production well, and reinjection itself consumes energy.

The French have concluded that the aquifer itself requires detailed geological study and computer modelling before a decision on reinjection should be taken. French experience around Paris suggests that reinjection is the correct decision there, but the input and output points to the *doublet* must be about 1km apart in the aquifer if a lifetime of 20 years is to be expected for the energy source.

Four commercial schemes using reinjection have been installed. At Coulommes-Vaucourtois, about 15 km east of Paris, what formerly was a small oilfield now yields water at 70-75°C to heat glasshouses. At Mée-sur-Seine, close to the Melun demonstration, a geothermal scheme for heating 6,000 apartments and 50,000 square metres of offices and other buildings, is designed to provide two thirds of the energy needed. Four *doublets* have been sunk for this purpose.

To the north of Paris at Villeneuve-la-Garenne, oil-fired space heating for 1,700 apartments has been supplanted by geothermal heating, using water at only 55°C at the wellhead. Although the two boreholes are separated by the requisite 1km in the aquifer, they have been brought together at the surface, so that they need just one platform and rig. In this way the designers more than offset the estimated extra 28 per cent cost of drilling the wells at an angle.

At Creil, 50km north of Paris, the most sophisticated European geothermal space heating scheme was fully commissioned last winter. Here the designers, led by Mr. Jean Olivet of Parica, the engineering consultants, have tried ingeniously to make a constant-temperature heat supply responsive to changing space-heat loads.

Reinjected

The Creil scheme links two building complexes—one provided with constant hot-water radiators, the other with underfloor heating—fed in series from the underground source. The wellhead temperature is about 56°C. Even in cold weather the effluent temperature from the radiators is still at about 40°C. So heat pumps are used to restore its temperature to about 60°C for underfloor heating. The water is finaly reinjected into the borehole at 10°C.

Geosteam, either generated naturally when subterranean water seeps through rock fissures into the hotter rocks or artificially with the aid of man-made fissures, could allow heat to be tapped at higher temperatures, up to 300°C. Hot rocks can be a surprisingly intense source of heat at depth within the range of mining technology, points out Dr. A. S. Batchelor of the Camborne School of Mines at Redruth in Cornwall. One of South Africa's deepest mines, 5,000 ft deep, has to dissipate 30 megawatts of heat to keep working conditions tolerable.

Dr. Batchelor has support from the Science Research Council for experiments in fracturing Cornish granite in order to create a subterranean heat-exchanger, to yield steam for power-raising.

Italy, in 1958, was the first nation in the world to mine heat for electricity production (in fact it used a geyser to power a 250 kW generator as early as 1913). It has temperatures close to the surface higher than in any other European country, and in Professor Teo Leardini, of ENEL, the state-owned electricity utility, it has one of the world's foremost authorities on the technology of geothermal heat. Currently ENEL mines about 20m tonnes oil-equivalent of heat, at 17 power stations totalling 265 MW net output—about one-fifth of the world's total power generated from geothermal steam.

Iceland, with a 3 MW geothermal electricity plant generating at present, has plans to build a 60 MW plant tapping a new source of water as hot as 260°C at depths of about 3.6 km.

Geologically, West Germany appears to have somewhat better prospects than Britain. But it is unimpressed with the economics of hot-water space heating and is pinning its faith on the potentially higher temperatures obtainable artificially from hot rock.

If it is to work efficiently the rock must be fissured to increase its rate of heat-exchange. The Germans are collaborating closely with a U.S. Government team at Los Alamos in developing the technology of dry-rock drilling and fracturing, building upon the technologies used in tertiary oil recovery. They see prospects of tapping temperatures of 150°-200°C at depths of only 2-3 km. Their interest focuses on the upper Rhine Valley, at Urach, for instance, where they have already drilled to more than 3 km.

Ambitious

Los Alamos, a U.S. national energy laboratory, is the centre to which all of the more ambitious schemes for harnessing geothermal energy are turning for the advanced technology needed to pierce the earth's crust. Any idea that this might be a fruitful field for the amateur inventor is soon discouraged by the scientists' ideas of the technology needed to drill deep into the earth: drills that cut by melting the rock, by disintegration with shockwaves from sparks, by slicing it with liquids under extremely high pressure. Once the borehole is drilled a new set of problems arises in controlling the output from a source which may be hotter than any nuclear reactor.

Nevertheless the promise is great enough to encourage the Central Electricity Generating Board to start its own small research programme on rock-cracking, in order to be better able to assess the applicability of the Los Alamos findings to conditions in Britain.

POTENTIAL INDUSTRIAL USERS OF LOW TEMPERATURE 'GEO-HEAT'

%C	Uses	
180	Evaporation of highly concentrated solutions Refrigeration by ammonia absorption Digestion in paper pulp, kraft	conventional power production
170	Heavy water via hydrogen sulphide process Drying of diatomaceous earth	conventional power production
160	Drying of fish meal Drying of timber	conventional power production
150	Alumina via Bayer's process	conventional power production
140	Drying farm products at high rates Canning of food	conventional power production
130	Evaporation in sugar refining Extraction of salts by evaporation and crystallisation	
120	Fresh water by distillation Most multiple effect evaporations, concentration of saline solution	
110	Drying and curing of light aggregate cement slabs	
100	Drying of organic materials, seaweeds, grass, vegetables, etc. Washing and drying of wool	
90	Drying of stock fish Intense de-icing operations	
80	Space heating Greenhouses by space heating	
70	Refrigeration (lower temperature limit)	
60	Animal husbandry Greenhouses by combined space and hotbed heating	
50	Mushroom growing Balneological baths	
40	Soil warming	
30	Swimming pools, biodegradation, fermentations Warm water for year-round mining in cold climates De-icing	
20	Hatching of fish. Fish farming	

Saturated steam (approx. 180–110) · Water (approx. 120–20)

Source: Energy Technology Support Unit, Harwell

APPOINTMENTS

Bass Charrington re-grouping

BASS CHARRINGTON is to relocate the responsibilities of its executive directors and appoint new board members from October "to obtain an even greater degree of co-ordination in the various operations and functions of the group."

There will be four new companies—Bass Trade Development, Bass UK, and Bass Brewing, all located in Burton, and the fourth, Bass Europe, will operate from London.

Mr. Jim Lloyd is appointed chairman of Bass Trade Development, which will control marketing policy, planning and development, property and technical services.

Mr. G. R. Hill becomes chairman of Bass UK, responsible for the existing six operating companies in the UK (formerly marketing companies of Bass Marketing) and for Bass Sales.

Mr. J. R. Leachman will be chairman of Bass Brewing, handling all operations in brewing and maltings in the UK.

Mr. J. P. U. Burr is made chairman of Bass Europe, covering Bass Export, Canada Dry (UK), Crest Hotels, Hedges and Butler and overseas interests.

Mr. G. V. Parker takes over as chairman and managing director of Bass North, and Mr. D. A. Urquhart will be chairman and managing director of Bass Wales and West.

New appointments to the board of Bass Charrington are Mr. O. C. Darby, as managing director of Bass Mitchells and Butlers; Mr. I. M. G. Prosser, financial, Mr. K. Richards, marketing, and Mr. P. Williams, technical.

Mr. Lloyd has been elected vice-chairman of Bass Charrington. The other executive directors of that company retain their existing positions and responsibilities.

There will be no changes in the management of any of the operating subsidiary companies of the group which will continue under their present chairmen and executive directors.

★

Mr. A. M. G. Christopher, general secretary of the Inland Revenue Staff Federation, has been appointed a member of the INDEPENDENT BROADCASTING AUTHORITY until December 31, 1981. He succeeds Mr. W. Anderson, who completed his term of office on July 29.

★

Mr. Ernest Timson is retiring as managing director of TIMSONS while remaining chairman. He is succeeded by Mr. Peter Brown, who became assistant managing director in April 1975 and has been on the Board since 1972. The Timsons Board, which previously operated as a management committee for policy, will be reorganised as a single entity. Its members will consist of Mr. Timson, chairman; Mr. Brown, managing; Mr. Charles Dickinson; Mr. John Harris, (technical); Mr. John Idell, (production); Dr. John Jefferis; (research and development); and Mr. Stuart King, (financial). Non-executive directors are Mrs. E. J. Brown, Mr. P. T. M. Wilson and Mr. D. B. Welbourn.

★

Mr. Peter Jackson, a director and general manager of Davy-Loewy (Loewy Robertson Group), has been elected chairman of the BRITISH METALWORKING PLANT MAKERS ASSOCIATION. Mr. T. O'Connor, deputy chairman and chief executive of the Bronx Engineering Company, has become vice chairman of the association.

★

Mr. William Holmes has been appointed a director of RUBERY OWEN HOLDINGS. He is group commercial director and holds directorships in a number of subsidiaries.

★

Mr. Nicholas Corah has been appointed a director of the LEICESTER BUILDING SOCIETY from December 1. Mr. Corah is chairman and joint managing director of Corah and also a member of the CBI's Employment Policy Committee and president of the Leicestershire branch of the British Institute of Management.

★

Mr. D. Kinnell, sales director of Dorman Smith Switchgear, has been appointed to the Board of DORMAN SMITH HOLDINGS as marketing director. Mr. K. F. Blackshaw has been made financial director to the Boards of each Dorman Smith subsidiary and Mr. A. L. Kidd has become technical director of Dorman Smith Switchgear. BICC Group is the parent concern.

★

On the acquisition of the software and other services of Pensions and Insurance Computer Services by UNILEVER COMPUTER SERVICES, Mr. Geoff Humphrey has become head of the new unit within UCSL. He was formerly senior partner in PICS.

★

Professor A. R. Cusens is to be professor of civil engineering and head of the department of civil engineering at LEEDS UNIVERSITY from January 1. He is at present professor and head of the civil engineering department of Dundee University and will fill the vacancy left by Professor Adam Neville's appointment as vice-chancellor of Dundee.

★

Following the planned withdrawal of the BARROW HEPBURN GROUP from its major leather activities, Mr. Richard Odey, whose principal interest has always been the leather industry, has resigned as chief executive and as a director.

Australia suffers fewer but more disruptive strikes

BY LAURIE OAKES in Canberra

FOR two days recently, members of the Australian Federal Parliament found themselves with no bar or refreshment services operating in the building.

Catering staff were on strike because a newly employed kitchen-hand, a migrant from Belgium, Mr. Jacques Aper, refused to join a union.

It brought home to parliamentarians from both the Liberal-National Country Party Government and the Labor Opposition that the question of *compulsory unionism* is suddenly a live issue in Australian politics. Because of the publicity it received, the strike also added to the impression held by many people here and overseas that Australia is going through a period of industrial turbulence.

The dispute over Mr. Aper followed a strike which brought trams and buses in the Victorian capital, Melbourne, to a halt for four days.

It came *only weeks after* settlement of the dispute involving technicians of the Australian Telecommunications Commission (Telecom) which disrupted telephone and telex services throughout the nation. It also coincided with a national stoppage by *waterside workers which has closed all major ports* and tied up imports and exports worth millions of dollars — a stoppage which "*wharfies*" are continuing, even though the issue which caused it has been settled.

Mr. Malcolm Fraser: "People should not be coerced"

Another threatened stoppage had been narrowly averted. *Transport workers in New South* Wales had threatened to strike — a move which would have embarrassed the state Labor Government on the eve of an announcement of a general election — but they were persuaded at the last minute to go to arbitration.

Now *interstate truck drivers* have decided to strike complaining that their living standards have fallen because of recent decisions by the Conciliation and Arbitration Commission increasing wages by less than the rise in the quarterly consumer price index.

There is no denying the seriousness of some of these strikes. The Telecom dispute badly hampered the activities of business companies, for example, not to mention the Government itself.

At one stage an army signals unit had to set up an emergency telephone link so that the Prime Minister, Mr. Malcolm Fraser, Ministers and senior *officials could contact each* other.

But the impression that industrial unrest is rife in Australia is inaccurate. The nation, in fact, is enjoying greater industrial peace in terms of the number of disputes, the number of workers involved, and the number of working days lost than it has for years.

In 1977, for example, there were only 2,090 disputes in Australia. In 1971 there had been 2,404, in 1972 2,298, in 1973 2,538, in 1974 2,809, and in 1975 2,432. Only in 1976, when there were 2,055 disputes, was the figure lower.

In 1977 there were only 596,200 workers involved in disputes and 1,654,800 working days lost. This compared with 2,189,900 workers involved and 3,799,200 working days lost in 1976—figures fairly typical of the previous five years. According to sources in the government's employment and industrial relations department, the 1977 trend is continuing this year.

An interesting aspect, however, is that, while the number of disputes and the number of workers involved have fallen, there has been an increase in the average *number of working* days lost per worker involved. In other words, while fewer workers are *taking part in fewer* strikes, the strikes which do occur are more disruptive.

The industrial disputes which have occurred recently have arisen from a variety of causes. *A strike by coal miners in North* Queensland two months ago was over pay claims. But the Telecom dispute arose primarily out of the introduction of new technology which the technicians claimed would affect employment. It prompted the Government to establish an *inquiry into the general issue* of computers and other technological advances displacing workers.

The waterfront dispute began with a claim for improved conditions but one which involved only a handful of workers. A group of 43 maintenance workers employed by one company in Melbourne struck in support of demands for extra annual leave and changes to their rosters. The Waterside Workers' Federation only became involved when 500 of its members were stood down. Now, even though the maintenance men are back at work, the wharfies plan to stay out until they receive back pay for the time they have been laid off.

But the Parliament House catering strike and the Melbourne public transport stoppage have a common cause, and one which is likely to arise with increasing frequency partly as a result of legislation passed last year.

In Melbourne a woman who had been employed as a tram conductress, Miss Barbara Biggs, took the attitude—like Mr. Aper—that she would not join a union. As a result, members of the Victorian Tramways Union not only refused to work with her, but refused to man any *trams or buses* until she either joined the union or was taken off the job.

Miss Biggs had obtained a certificate of exemption on the ground of conscientious objection to union membership, made possible by Federal Government legislation early last year. But that legislation did not impress the Tramways Union, and its members eventually won their point. Miss Biggs was transferred by the Tramways Board to a desk job.

The 1977 legislation made it much *easier* than it had been *for* some people to get certificates of exemption from union membership. Over 150 certificates have been granted already in little over a year, showing the potential for future disputes when conscientious objectors run up against militant unions.

Commenting on the Biggs and Aper episodes, Mr. Fraser said: "Our industrial relations policy has positively encouraged people to join unions and to take an *active part in their affairs* . . .

"But the policy also goes on to recognise that people should not be forced, or coerced, to join a union."

The Labor Party's attitude has been rather equivocal. Interestingly, some Labor parliamentarians were quite surprised when they were informed at a party meeting that the party's policy does not favour compulsory unionism.

The Management Page

EDITED BY CHRISTOPHER LORENZ

How Harris is making a pile out of carpets

By David Churchill

WHEN PHILIP HARRIS was 15 he inherited three small South London carpet shops from his father. Faced with the alternative of selling the shops, Harris decided to leave school and attempt to run the business himself.

Now, 20 years later, he owns a fast-growing chain of 126 High Street carpet shops throughout the UK, plus 24 Queensway discount furnishing stores. He is now on the verge of seeking a Stock Exchange quotation.

Exactly when, Harris is not saying, except that the company is ready to go "at any time."

Although the turnover of his carpet shops will top £50m this year, with profits likely to reach nearly £4m, Harris is better known in equestrian circles than city circles. He owns a string of top flight show jumpers—such as Philco and Sportsman—which David Broome has successfully ridden in major international competitions.

Even if it is not quite a rags-to-riches fairy tale, Harris's success as a retailer required a great deal of hard work, luck, and judgment.

Even at the tender age of 15, however, Harris had an embryonic retailing philosophy which he was to develop over the next two decades. In broad terms, he favoured the retailing formula of a high volume, low margin dash for growth. But even an expansionist policy needs to have the right product, which consumers want to buy. Harris's strategy has been to bring carpet sales in from the dingy back streets and poorly sited locations and into the forefront of aggressive High Street retailing.

Harris believed he could attract people who only wanted to spend a limited amount on carpets, perhaps when they changed house or flat and needed one for the living room as a starter, or perhaps when they decided to redecorate a room.

To bring such customers in, Harris considered that his stores had to be bright and attractive, and that staff had to provide a high level of service. He rates both these factors before price, which he keeps to an absolute minimum in any case, and refuses to offer further discounts. His shop policy has been borne out by independent surveys.

Strategy

But above all these factors, the main ingredient in his retailing philosophy was—and is—property acquisition. "I wanted to get my shops as close as possible to Marks and Spencer," he remembers as the main tactic adopted as a lad of 15 back in 1958, at about the same time as Mothercare was developing the same strategy.

However, being such a tender age meant that he had first to persuade the solicitors, in whose hands the business remained until he came of age, that it was wise not just to keep on running three shops, but to buy more as well. Fortunately, Harris was able to call on sound financial advice to persuade the solicitors that his ambitions were not the wild day-dreaming of a precocious youth. He duly opened several shops — and quickly closed those that failed to reach expected turnover figures within a given time.

After several years of going it alone he enlisted the help for property acquisition of Harvey Spack from agents and surveyors Smith Melzack. The attitude they adopted was to pay well over the odds for a good site—an aggressive policy that had not yet been adopted by the boutiques and Building Societies who have subsequently come to dominate new High Street sites. Harris and Spack quickly proved that within a few months a successfully-sited shop could repay the higher premium paid for its acquisition.

Throughout the 1960's, Harris gradually increased both the number of shops and his experience as a carpet retailer. He learnt how to get the best deals from manufacturers; what carpets would prove most popular; how to lay out a store to attract shoppers; and how to get the best out of his staff. He admits that at first there was some animosity from a few of the older members of the company, who felt he was a bit of an upstart. But the fact that he did not fall flat on his face eventually earned their respect.

But the crunch came in 1972 when Harris had around 20 shops. He recognised this as a dangerous size to be: either he could stay around the same level and eventually fall prey to a takeover, or he could take the conscious decision to expand into a much larger organisation. He chose the latter course, which resulted in the setting up of a centralised warehouse and cutting service instead of individual stores keeping large stocks.

Freddie Mansfield

Philip Harris: "If I fell under a bus tomorrow, the business would keep on going without me."

This centralised service—based on three 40,000 sq ft warehouses at present, with a new 160,000 sq ft one opening next year—means that customers' orders can be at the shop within 48 hours for most parts of the country. It takes competitors up to two weeks to do the same, Harris believes.

But with the extra capacity generated by the first warehouse in 1972, Harris urgently needed to find new shops to make effective use of the investment. Unfortunately this coincided with the early 1970s property boom and even Harris's aggressive property policy could not match the prices being asked.

The alternative was to take over a smaller chain of shops, which he did by buying the 20-strong Keith Royle chain from Combined English Stores for about £750,000. The deal was financed entirely by Harris Carpet's own cash flow as Harris firmly believed in ploughing back all profits into the business.

He displays a healthy distrust of over-extending the company's finances. Conversion of the Royle chain to Harris shops along the lines of all the others meant a trebling of their turnover within the first year and effectively meant that they paid for themselves within nine months.

The subsequent slump in the property market also meant that Harris could continue his organic growth by new store openings: his chain grew from 67 at the beginning of 1976 to 103 today. And, this summer, Harris bought for £428,000 cash the 30-store J. Ross chain in Scotland (there are now 26 operating under the name north of the border).

At the same time as rapidly increasing the number of carpet shops, Harris was also looking for allied retailing areas into which to expand. An obvious choice was home furnishings—which he believes will be one of the major growth areas of the next decade—and when the Queensway furnishing and carpet discount chain got into difficulties in 1977—a £1.2m profit turned into a £400,000 loss within two years — Harris stepped in with a £2m bid.

Since then he has injected a further £1.5m into the stores and rationalised both sites and staff to bring the chain back to profitability. Already this year profits are climbing above previous levels—at around £800,000 for the first six months and Harris' bank borrowings to finance the deal (a change in policy justified by the opportunity) have been substantially reduced. Two new Queensway stores are shortly to open and a further seven are planned.

Harris believes that there is plenty of growth in both carpets and furnishings. He wants a Stock Exchange quote so he can finance future acquisitions with shares as well as cash.

But he is adamant that he will keep the business within the family whatever happens. Even so, he has already delegated much of the day to day running of the business to two young, but experienced managing directors. David Stockwell runs the carpet stores and Kingsley Elton the Queensway chain. Like Harris, both are in their 30s. "If I fell under a bus to-morrow," says Harris, "the business would still keep on going without me." No entrepreneur could wish for a better epitaph.

Getting someone else to run your car fleet

IF YOU happen to see your neighbour give his car a hefty kick as he leaves for work in the morning, the chances are that he feels maltreated by his company, according to Cy Gillis. Worse still, his employer is probably unaware of this smouldering resentment.

The point about such an incident, says Gillis, is that it is the outward manifestation of the driver's inherent dislike for the car he has been allocated. He will constantly find fault with it, so that it spends more time—and money—than necessary being sorted out at the local garage. If, as is quite possible, there are a number of other employees of like mind, the problem is one of considerable and expensive proportions.

As European representative of Peterson Howell and Heather, a U.S. service company engaged in car and truck fleet management, Gillis cites this story to illustrate that psychology is an important factor to reckon with in the administration of company car fleets.

Obviously, Gillis has a vested interest in highlighting the difficulties that can emerge in fleet management, since he specialises in offering ways to smooth them out. This notwithstanding, it is reasonable to acknowledge that in view of the amount of capital that can be tied up, an ordered administration policy of any fleet of vehicles owned or leased by a company should be given greater priority than it generally is. Even a small fleet of, say, 200 cars at an average price of £3,000 would tie up £600,000 and that is before running costs are taken into account.

Nic Suddaby, managing director of PHH Services, the American company's UK offshoot, maintains that the general standard of fleet management in Britain is very poor. He reckons that although a few of Britain's larger companies retain tight control over their vehicles the majority fail to plan for them adequately.

Typically, he says, senior people in a company will have no overall knowledge of this area. Finance executives and directors will know how the capital cost of a fleet is financed while the administration director will know who has what type of car. But the chances are that there is little liaison between them, and that the transport manager meanwhile will have a low status in the company and will concern himself only with day-to-day activities.

Thus, while he is arranging delivery of new vehicles, together with insurance, maintenance and other matters, he is not working within an overall strategy—which he should have helped to establish—designed to get the very best out of a fleet. The "very best" means getting the right car for the job, organising the most efficient and economical replacement of cars—which means getting the largest discounts from the manufacturers — along with reducing maintenance costs to the minimum.

Nic Suddaby acknowledges that most companies should be able to achieve what PHH aims to do—manage their own car fleets efficiently. But he maintains that they are generally unwilling to do so. Also, he reckons that his company is able to introduce a measure of cost saving that companies cannot achieve themselves and which more than compensates for the cost of PHH's services. For example, he says that in a company with a fleet of 500 cars that are already being managed reasonably efficiently "we can save 1p a mile per car. Our fee is a lot less than that."

He says that PHH does not set out to take over completely the running of a fleet, particularly so far as establishing policy and strategy are concerned. Instead it provides services which enable a company to exert more power itself when buying, selling and maintaining vehicles, and which save the time of senior executives. "Our job is to provide the information for companies so they can make their own decisions," he says.

The input which PHH can provide is data, based on the experience of existing customers, relating to the performance of different types of car according to a variety of usages. This enables one company's fleet performance to be compared with a composite of other fleets.

At the same time, up-to-date details are kept of manufacturers' costings for different types of maintenance and repair job, which means that garage bills for work done can be challenged authoritatively if they seem to be excessive. Usually, says Suddaby, an adjustment would be made in the company's favour.

Significantly, in view of Ford's policy of creating a large, but integrated range of cars that is ideal for the executive car market, and of criticism of BL for its inability to compete on like terms, Suddaby maintains that it is much wiser to mix the make of car in a fleet.

Not only does this provide choice for those who may not like any particular manufacturer, but it also means you avoid the possibility of falling victim of any arbitrary decision by a manufacturer to alter specifications of cars.

To mix makes would obviously weaken any one company's buying power with any particular car manufacturer; which, not unnaturally, is where Suddaby can come in with the claim that PHH can provide the required strong bargaining position. Unlike many other car leasing and management companies, he says, PHH has no connections with any car maker, but it nonetheless either leases or manages such a large number of cars that it can command the best discounts from any manufacturer.

Its total in the UK at present is about 6,000 cars, of which some 15 per cent are owned by the client companies, with the balance belonging to PHH and leased out.

While Suddaby stresses his company's independence of any particular car manufacturer, he is equally adamant that, despite its strong banking connections through its shareholders, he has no vested interest in concentrating on expanding PHH's leased fleet rather than selling a management service.

While being owned 69 per cent by its American parent and 16 per cent by PHH Canada, PHH also has Orion Leasing Holdings as a shareholder with a 15 per cent stake. Orion is a consortium bank owned by several UK and foreign banks.

At the same time, another UK company—PHH Leasing—which provides lease finance, is owned 30 per cent by the American company, 10 per cent by PHH Canada, 21 per cent by County Bank (the National Westminster Bank merchant banking subsidiary), 20 per cent by Hill Samuel, the major London merchant bank, and 19 per cent by Orion Leasing.

Suddaby says there is no pressure to do leasing business with his banking shareholders. Indeed, he says that on many occasions customers will make their own financing arrangements independent of PHH, a practice which he encourages.

Suddaby also stresses strongly that his company aims to pass on the savings it can achieve to a customer, with PHH making its money solely from set fees. With depreciation of vehicles, for example, this means that a rate will be agreed with the customer for writing off a certain amount over, say, three years. If the eventual sale price of a car exceeds the written down value the customer gets the benefit by way of a refund on rentals.

With maintenance costs, PHH pays the garage charges and then bills the customer. Any costs it might incur in disputing a bill are absorbed in the fee PHH charges, which is based on a percentage per month of a vehicle's original cost.

Obviously PHH's customers pay for this type of expenditure indirectly through the fees they are charged, but Suddaby feels that it is much more efficient to cover costs involved in one overall charge, which a customer can budget for, rather than in a piecemeal fashion.

Nicholas Leslie

Anglo-German research boost

UNCERTAINTY HAS at last been lifted over future funding of a leading industrial research organisation, the Anglo-German Foundation for the Study of Industrial Society. For the first time, the London-based Foundation is to receive direct financial backing from the British Government—to the tune of £125,000 a year over the next five years.

Together with a new commitment by the German Government of DM 1m a year (about £250,000), plus interest on the Foundation's outstanding capital of £2m, this will bring its annual income to nearly £600,000—enabling it to continue operating slightly below its current level of activity.

Unlike most other research bodies, the Foundation acts as a customer for research projects, rather than conducting its own. It is therefore able to draw on an exceptionally wide range of academic and consultancy expertise.

The most recently-published study (a week ago) was on savings and investment patterns in the UK and Germany, written for the Foundation by two academics at Birmingham University.

Among the newly-commissioned projects is a union-backed study into the effects at company level of shortening the working week, to be carried out by academics from Ruskin College, Oxford, and various German institutions.

The Property Market

BY MICHAEL CASSELL

Developers confident

THOUGH THERE may be signs of some slackening in demand for industrial property for the first time since the revival of about a year ago, there is clearly still enough confidence on the part of developers and institutions to forge ahead with new schemes—as the latest batch of projects to be unveiled up and down the country shows.

The search for prime sites has become considerably more difficult and with intense competition among buyers there has been talk of prices of up to £200,000 an acre being obtained in the London area.

Demand for good quality developments remains buoyant and there has apparently been a significant reawakening of interest in smaller industrial units—an area which until recently has proved comparatively dormant, with institutions holding fire on funding.

Pressure from central and local government has, so it appears, now encouraged them to look on the small unit option in a more favourable light and this is being reflected in a growing number of projects coming through.

But fairly widespread feelings that the situation in the industrial sector is perhaps slightly unreal are conveyed in the latest review of the market by agents Chamberlain and Willows.

They point out that investors and developers appear to be totally unconcerned about the current problems besetting both companies and the economy at large and that "in bold and confident manner reminiscent of the property boom of 1973" numbers of them have been fiercely competing to acquire first-class sites for factory-warehouse projects.

Possession

Chamberlain and Willows comments: "We can only hope that the prospect of obtaining higher rents will offset rising building costs and land prices to provide investment institutions with well secured and profitable yields."

On the vacant possession sector of the industrial property scene, it says it finds it hard to understand why the market has remained so healthy recently and concludes it is simply because industry has become hardened to the problems caused by inflation and world trade recession—and carried on regardless.

The mainstream of demand is apparently for the well-built, single-storey standard unit in key locations on a rental basis, although Chamberlain and Willows says it would be "grossly misleading" to suggest the market is enjoying a boom.

Although there has been an upward trend in rent levels for prime property during the year—rents approaching £3 a sq ft have been achieved for small prestige units around London—plenty of factory and warehouse space at rents substantially below £1 a sq ft remains.

The agent concludes that the outlook for vacant possession business is uncertain, although the prevailing mood remains one of reasonable optimism.

Clearly optimistic about the overall outlook is Taylor Woodrow Industrial Estates, which this week announced it had been selected by Wakefield Metropolitan District Council for a £2.5m warehouse development which it will carry out in partnership at Whitwood, near Wakefield.

Formal agreements were signed yesterday between the two parties and work on the 250,000 sq ft scheme will start almost at once. This is the company's first industrial partnership with a local authority, although it says it is at an advanced stage of negotiations with another council for a similar scheme.

The 12½-acre site is close to the M62, with access to Manchester, Leeds and the Mersey and Humber ports. The first phase, comprising 30,000 sq ft of "advance" units will be ready next spring and rents should be around £1.40 a sq ft.

The council has granted a 125-year ground lease to Taylor Woodrow at a peppercorn rent and all income from lettings will be split on a pre-determined percentage. Development finance is coming from Taylor Woodrow and marketing will be a joint exercise.

At Aylesford, near Maidstone, work is expected to start shortly on the second phase of another industrial development. The £750,000 scheme will take about a year to complete and will provide 70,000 sq ft of warehouse and industrial floorspace on a 3½-acre site. Units will range from 5,500 sq ft to 16,500 sq ft.

The first stage of this Barclaytrust scheme, offering 121,000 sq ft in seven units, was completed and fully let towards the end of last year. Sole letting agents Debenham Tewson and Chinnocks, whose building surveying division is project managing the development, say that asking rents have not been fixed but will probably start at about £1.70 per sq ft exclusive.

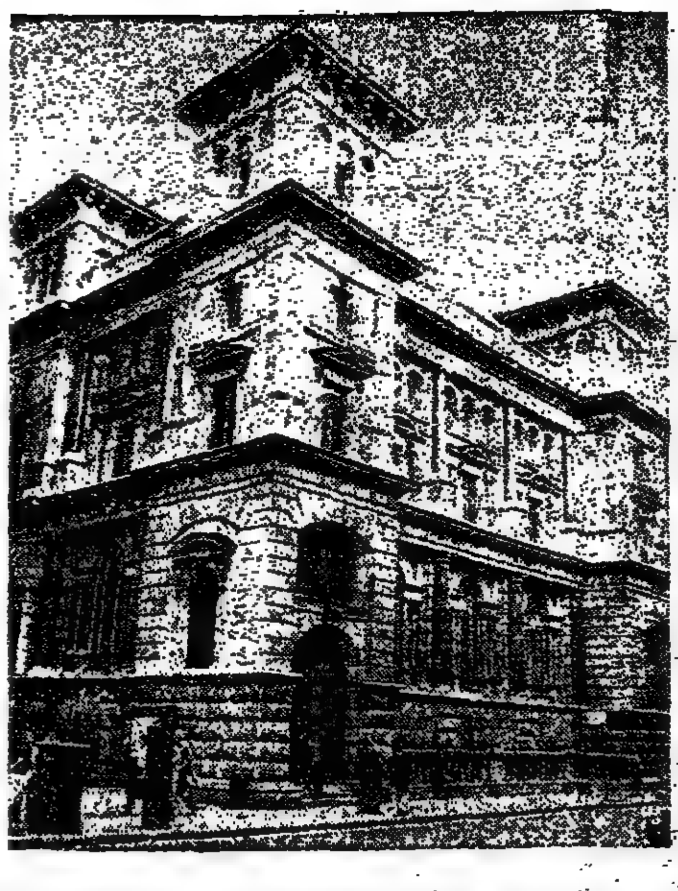
Other news on the industrial scene: UBM Pension Trust has purchased a 2.3 acre site on the Patchway trading estate near Bristol and will be funding a 50,000 sq. ft. plus of warehousing with a gross development value of over £1m.

Funding

The freehold site is a small part of land owned by developers J. T. Bayliss and was sold to UBM on a forward funding basis by agents Langley Slater.

Brixton Estate, which this week revealed a dip in taxable profits for the first half of 1978, announced that it had let three more factories on its 100-acre Woodside Estate at Dunstable. Clients are Vauxhall and GEC Computers and although a warehouse and factory remain available, the next phase of construction on the estate is in progress and further units will be available next year.

Wates, which has not dwelt too heavily on industrial and commercial development but which is now revitalising some schemes already in the bag, has acquired the former A. E. Symes site in Brentwood and plans to create an industrial estate of nine units providing a total of just over 50,000 sq. ft. of floorspace. Work should start in the new year.



UNDETERRED by some fairly scathing criticism of their branch expansion programmes, the building societies continue to spread their money-gathering tentacles. Expansion of outlets is seen as the key to growth and by the end of last year there were about 4,100 branches in the U.K. Perhaps another 400 to 500 will open this year.

The Bristol and West, thirteenth largest of all the societies, has just purchased the old Law Courts branch of the Bank of England in Fleet Street. The building, built in 1888 and occupied throughout its life until 1975, will provide the Society with 4,500 square feet of offices on the ground and mezzanine floors. The purchase was arranged by Lalonde Bros. and Parham of Bristol, in conjunction with Allsop (City).

In brief . . .

● THE NEWLY modernised 1-3 Fredericks Place, Old Jewry, EC2, has been let to Antony Gibbs Holdings and the resultant leasehold investment sold to the Greater Manchester Council Superannuation Fund for a price in the region of £4.5m.

Price Waterhouse were the leasehold owners and previous occupiers of the 25,000-sq-ft office block and moved to their new building near London Bridge in 1975.

● A DRY DOCK—no doubt modest by Arab standards—is on the market in South Wales. The freehold of shipbuilding yards and two dry dock areas at Pembroke Dock in Milford Haven are being put up for sale and offers of around £350,000 are expected by agents Debenham Tewson and Chinnocks.

The purchaser will get a main and secondary dry dock and associated factory, offices and warehousing space, as well as a wet dock, large areas of open yard space and extensive foreshore land. The site is for sale in whole or in parts.

● CANADIAN IMPERIAL Bank has taken a lease on 55 Bishopsgate, EC2 from Hambros Bank. The refurbished building comprises 58,500 square feet of space and will become CIBC's new European headquarters.

● A PARADE of shops under the Park Hotel in Queen Street, Cardiff, has been sold for a figure in the region of £675,000. By means of a complex arrangement of tenures, owners Mount Charlotte Hotels have retained the freehold of the hotel which is to be refurbished. The shops produce a net income of £47,000 a year, with substantial increases anticipated in 1981.

● A RENTAL of around £500,000 a year is believed to have been secured for Watling House in Cannon Street, EC4, bounded on one side by the Bank of America, on the other by the Bow Lane redevelopment, and facing the new and impressive Credit Lyonnais headquarters.

The Worshipful Company of Salters have let the building, one of the few office buildings of its size recently available in the City, to solicitors Herbert Smith and Co. for a 25-year period with normal rent reviews. Watling House offers 52,000 sq ft of office accommodation on six floors and has an additional 6,200 sq ft of basement storage. Sole letting agents were Debenham Tewson and Chinnocks.

● CONRAD RITBLAT have sold the freehold interest of Eldon House, Lackington Street, EC2, on behalf of overseas clients for £525,000.

● THE COMMISSION for Local Administration in England has let part of 23, Queen Anne's Gate, SW1. The Commission, which itself occupies parts of 21 and 23, is to receive an annual rental of £18,000 a year for the 1,900 sq ft of floorspace surplus to its own requirements, equivalent to over £9 a square foot. Bernard Thorpe acted for the Commission.

● THE REPORT and accounts of the Mineworkers' Pension Scheme, which makes great play of its industrial property portfolio, shows that it still has a long way to go before its interest in shops and offices becomes of secondary importance.

The scheme's total property portfolio as at September 1977 had a book value of £113.43m against £85.24m a year before. Of the total, however, no less than £102m involved a blend of freehold and leasehold shops and offices, with factory and warehouse investments accounting for a little under £9m.

● MERCHANT Investors Property Fund have sold their freehold ship investment at 41-42, Western Road, Brighton, for £720,000.

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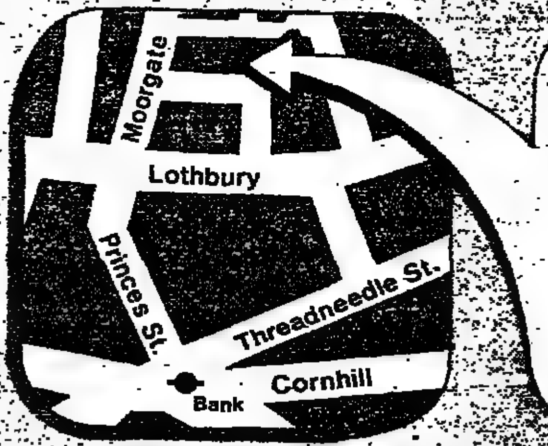

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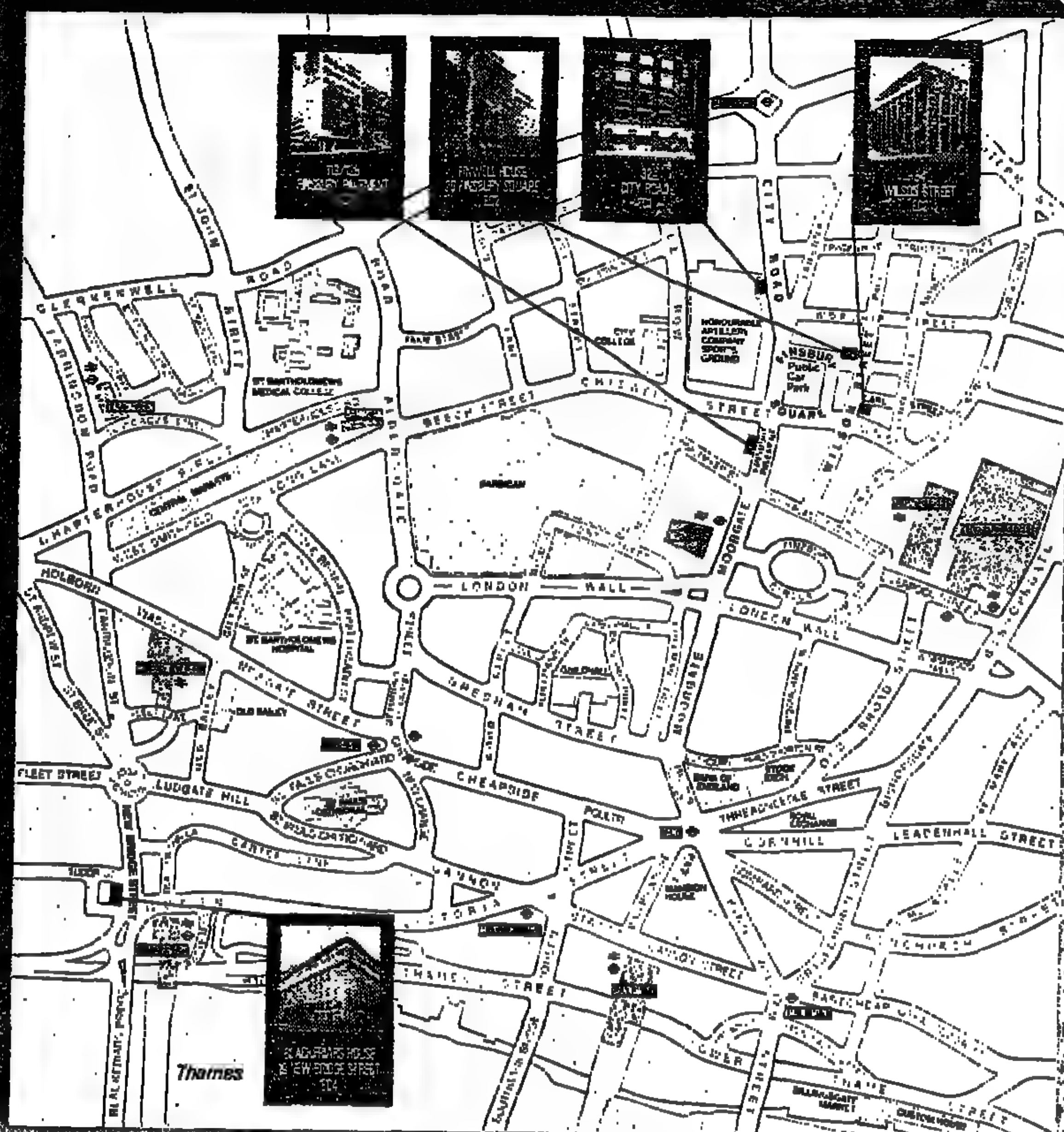

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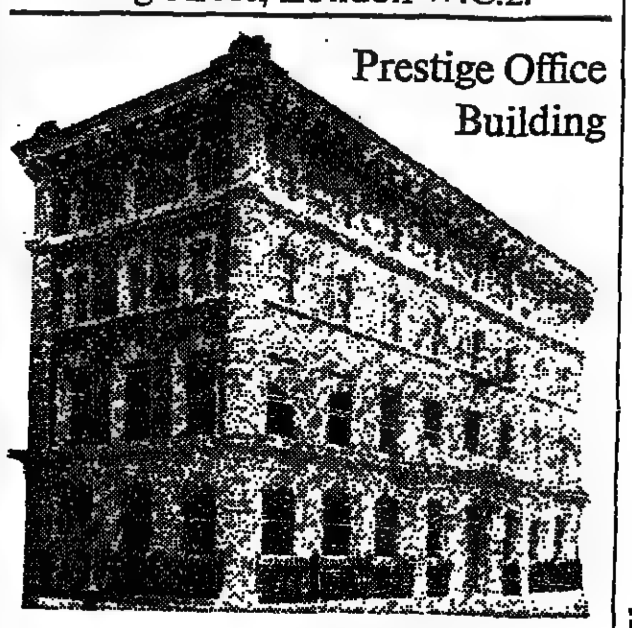

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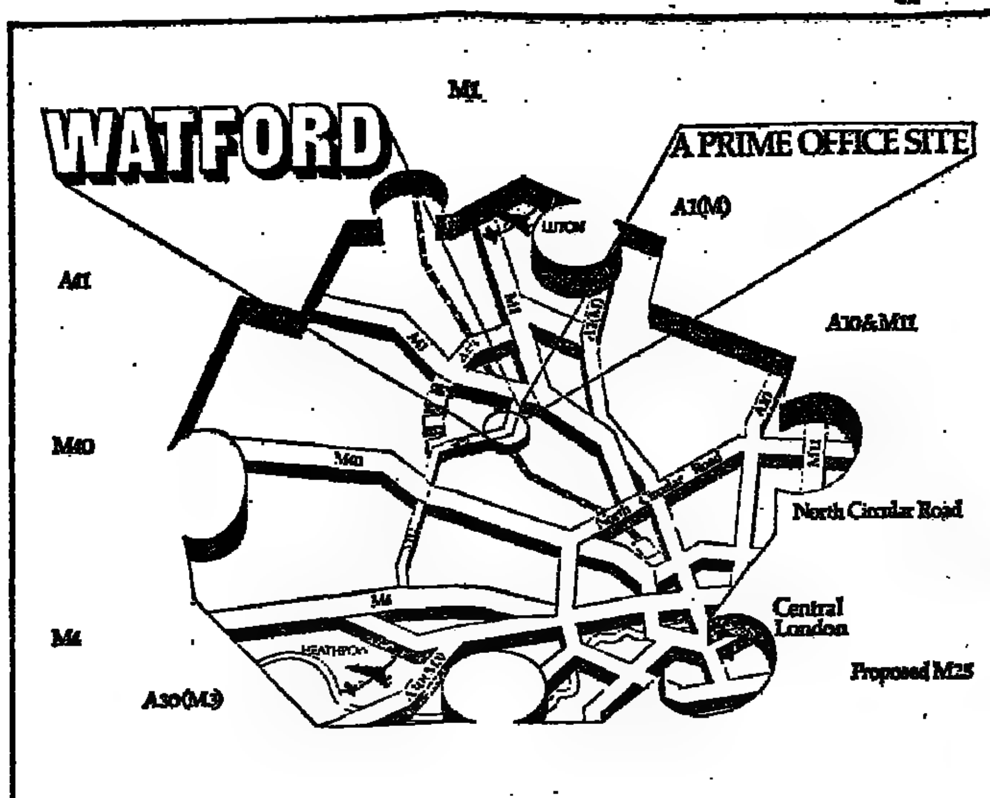

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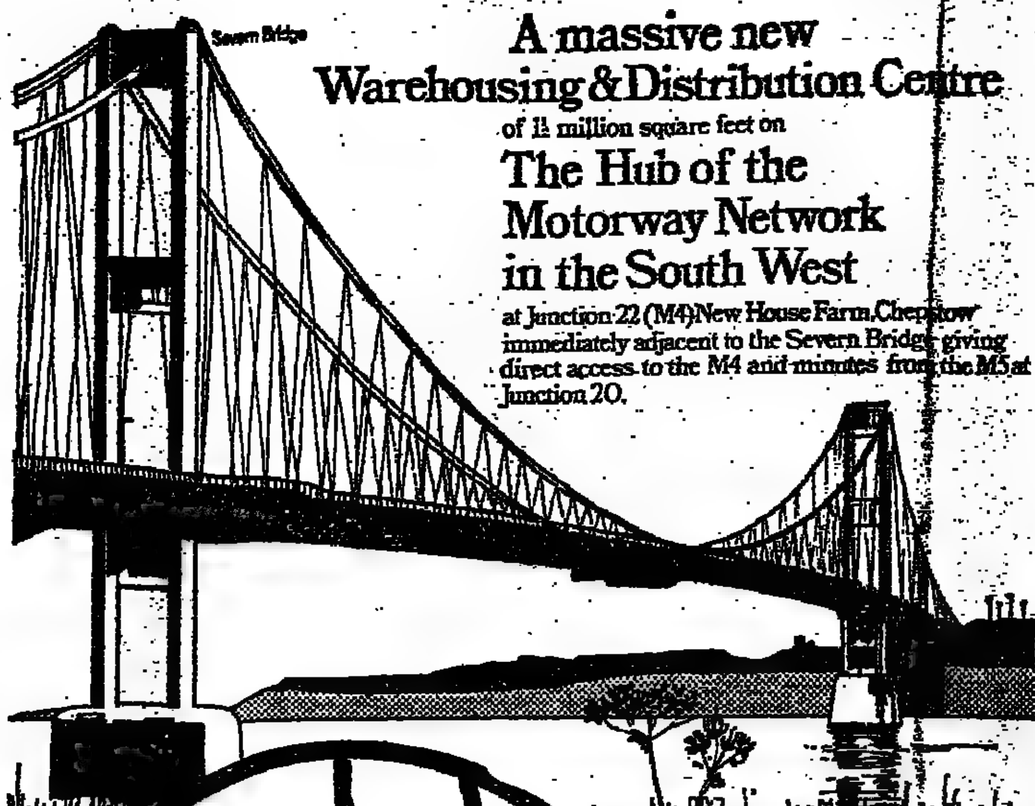

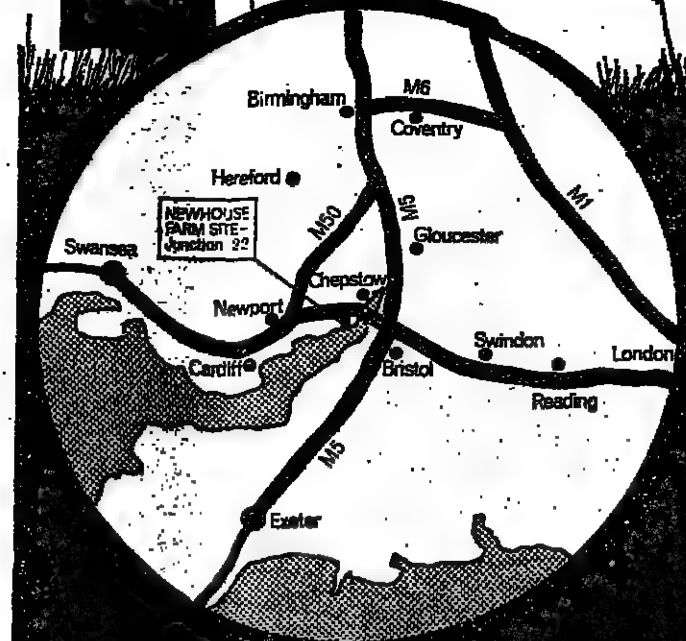

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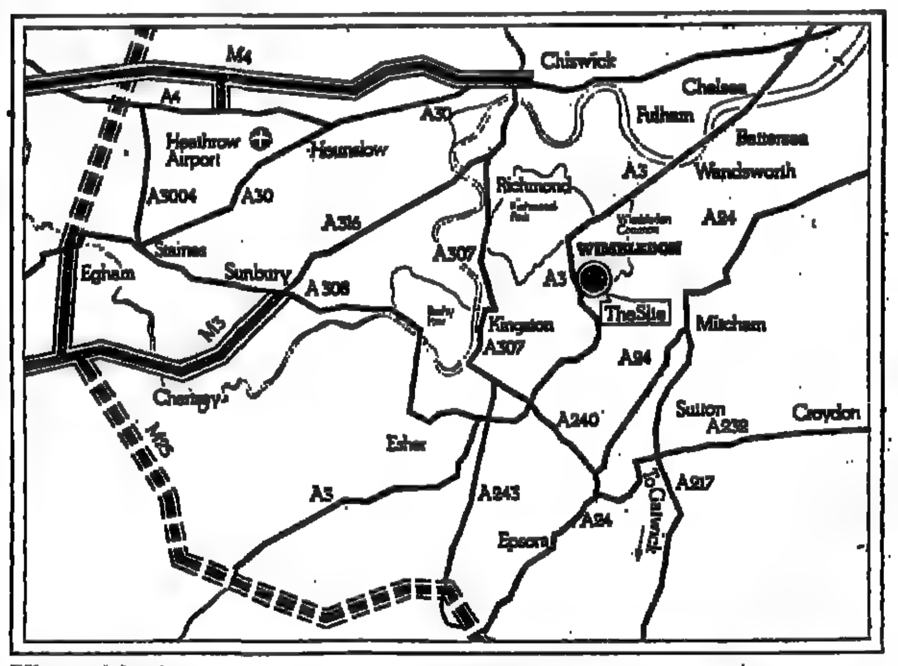

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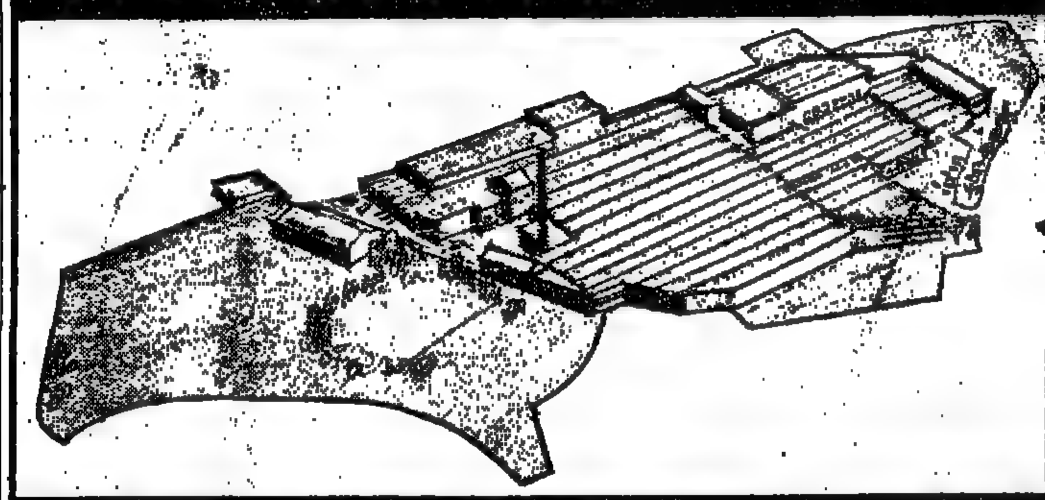

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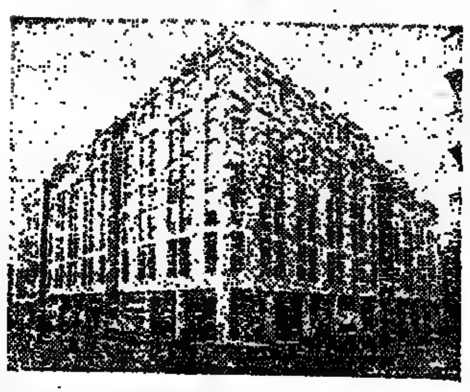

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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● RESEARCH

EMI's award

ONLY BRITISH invention this year to win an American IR 100 award under the "100 best inventions" competition run each year is an ultrasonic image conversion tube designed by EMI at its Central Research Laboratories.

Decider in the award was the fact that the development team had succeeded in cracking a problem which had for years degraded the quality of images produced electronically from reflected ultrasonic beams. The problem arose from the fact that at the frequencies used, the sensitive area of the detectors formerly used was too small for good resolution.

Solution to the problem was to take a much larger quartz crystal, support it on an epoxy resin base and seal the composite with a soft indium metal gasket to the vacuum tube of the detector.

This provided a detector tube active area many times larger, and gave the tube ability to hold its vacuum for a long shelf and operating life.

Net result of all this is that the EMI unit is providing much better underwater vision than possible hitherto. At 2MHz operating frequency a range of several metres is possible, even when the water is very turbid.

Real-time imaging is offered, the TV monitor screen having 201 lines per frame and operating at 12½ frames per second.

It is expected that the unit will have many applications other than those demanding operation in turbid or silty waters and one possible area is in non-destructive testing for industry.

EMI Central Research Laboratories, Shoenberg House, Trevor Road, Hayes, Middx. 01-573 3888.

Easy to use in the lab

ALL THOSE concerned with research of one kind or another resulting in series of readings or other numerical data that has to be marshalled into a meaningful form will be interested in the MINC laboratory computer system recently unveiled by Digital Equipment Company.

Based on a PDP-11/03 with 32k words of memory the software, MINC Basic, is an easily learned extension of PDP 11 Basic and allows the user to issue simple commands through a keyboard to control data input sampling through analogue or digital interfaces, determine the priority of data gathering or program execution, obtain average signals, develop histograms and plot two graphs at the same on a 12 inch crt display.

Commands are direct and the user does not have to learn an operating system; the development of application programs is straightforward even for a research worker completely unfamiliar with computers. Mass storage is on double density dual floppy discs of DEC manufacture.

Input data is dealt with according to the choice made of modules plugged into the top of the console. There are seven bus connected sockets for the rugged metal-boxed modules, covering up to 64 inputs and outputs, analogue to digital conversion, pre-amplification, multiplexing and other functions.

Having decided the configuration of his system the user can then employ MINC for laboratory data acquisition, instrument control, graphics, engineering and scientific computation and even for general data processing.

In the laboratory the inputs will frequently be from measuring instruments and testing devices, and MINC is equipped with an IEEE 488 standard bus interface allowing up to 14 such devices to be connected.

The VDU has full alphanumeric ability for 24 lines of 80 characters, with split screen scrolling for the presentation of two separate displays. Characters can be underlined, boldfaced, reversed and doubled in size. For graphics, 512 horizontal and 240 vertical points are accessible with point or histogram plotting, grid line imposition and highlight markers.

Computer, discs and interfaces are mounted on a trolley that can be easily moved from point to point in a laboratory while the display and keyboard can be placed on any desk-top.

DEC claims that at £8,500 basic, MINC is almost "half the cost of its nearest competitor" and can be used by almost anyone in a laboratory.

More from the company at Kings Road, Reading, Berks (0734 583555).

● CONSTRUCTION

Simple building process

A NEW word is added to the building industry dictionary with the introduction of Matrex, the first product of a new company of the same name in the Terrapin International group, Bond Avenue, Milton Keynes MK 1JJ (0908 74871).

This concept of catalogue building is a method, rather than a system, intended to simplify the total building process, reduce freight complications and costs, and respond rapidly in design and sourcing terms to the often onerous demands of developing countries whose indigenous labour is inevitably unskilled.

A structural frame design, the Matrex "twin beam" makes novel use of cold-rolled steel sections, has only two sizes of bolts and offers optional floor and roofing systems.

Users can select from a series of rationalised components those which, when assembled on site, will perform as a competent building frame without the need for any separate design assessment. Up to three-storey structures can be built with five primary and two secondary spans, and three floor-to-floor or floor-to-roof heights can be incorporated.

The frame is part two storey, part high single and part normal single storey with a cantilever condition at right angles to the other spans. A suspended ground floor can be used, but if the frame is used with a traditional oversite concrete slab, the beam connections at ground floor level are absent and the columns sit in pre-formed foundation pockets.

Virtually any normal cladding—according to the choice of the designer—can be used but the makers fiercely emphasise that completed buildings should not appear stereotyped or repetitive in the eye of the beholder.

Examples of external finishes shown on the "test bed" included traditional brick facing, horizontal lap siding, profile metal, GRP-faced sandwich panels.

The two roofing systems available include a trapezoidal steel sheet deck insulated and finished in built-up felt with an aluminised top skin, and a profiled aluminium insulated sheet roof which is mechanically seam-sealed on site.

Floors consist of either trapezoidal steel sheet decking with concrete screed or floating chipboard deck finish. Alternatively, a composite hardwood self-spanning floor may be used.

● COMPUTERS

Itel range expands again

ITEL has disclosed development of the AS/5 Model 7031 Attached Processor (AP).

A total AS/5-7031AP System is rated at 1.5 to 1.8 times more powerful than Itel's AS/5 Model 3-7031 processor, which itself is rated at least equal to the recently announced IBM 3031 processor.

Highlights of the new 7031 AP include a processor cycle time of 100 nanoseconds and expanded Reloadable Control Storage. Up to eight additional Megabytes of monolithic main memory, available in one Megabyte increments, may be attached to the 7031 when combined with the Attached Processor, for a total of 16 Megabytes.

In addition, a 32 K high-speed buffer memory and a 128 entry Translation Lookaside Buffer are provided to improve processor performance.

Model 7031 AP is priced at $470,000 in Europe. First customer deliveries proposed for the second quarter of 1979.

Itel International, Bowater House, 68 Knightsbridge, London SW1X 7LN. 01-584 5050.

● MACHINE TOOLS

Lathe simple to program

ANNOUNCING successful development to the prototype stage of a numerically controlled lathe suitable for manual programming, Butler Machine Tool Company says it intends the unit—the MPS 550—to become an important part of its product range.

Providing full automatic control of all principal machine functions such as feed rate, spindle speed, slide position, etc. the equipment allows manual programming on the shop floor of all these functions in point to point sequence.

Keyboard input and associated display are at the front of the machine for ease of operation and an optional extra is cassette recording of part programming.

The unit has a six-station automatic indexing turret, a 315mm power chuck and an optional 15hp dc spindle drive.

Its manual programming system has been designed by the company's software experts, taking advantage of the fact that standard microprocessor cards are available which, once programmed, can be used to carry out functions which would earlier have been impossible or need such a large computer that the work would have been uneconomic. Twenty tool offsets are available and programs can be absolute or incremental.

Butler is to show this new prototype at PEP in Olympia, London, from October 2-7.

Butler Machine Tool Co., Mile Thorn, Halifax, Yorks. Halifax 61641.

● HANDLING

Gas pumped by liquid

A DESIGN of diaphragm pump which is claimed by the makers to overcome the problems of fatigue often resulting from the mechanical actuation of the diaphragm at a point on its surface has been put on the market by Robertshaw Skil.

Instead of using mechanical linkages the diaphragm is actuated by hydraulic fluid pressure so that the displacing thrust is equally distributed over the diaphragm area.

The necessary oscillation of the working fluid is generated by a solenoid-driven piston, a technique which has the advantage that pump stroke frequency can be controlled by a simple and reliable electronic circuit operating on a variable frequency pulse principle. The flow rate is then easily varied by a potentiometer or alternatively external digital or analogue signals can be used, allowing the pump to be synchronised with a process.

Fit of piston in cylinder is relatively sloppy and with the whole unit running in the hydraulic oil, wear is minimal so that the pump needs very little maintenance. It can handle up to 750 cc/min.

More from the company at Greenbey Place, East Gillibrands, Skelmersdale, MN8 9SB (0695 23671).

● ENERGY

Industrialists seeking to cut heat losses from plant—which can be through roofs, badly lagged pipework, or undetected underground leaks—now have available a commercial service by Fairey Surveys which operates by taking aerial photographs of plant areas in infra-red light, using a recently developed scanner. A user would receive sets of photographs on a scale of 1/1250 similar to the one shown here. In them, light areas indicate where the heat losses are greatest, a dark patch corresponding to areas of low thermal emission. The service does not end there, however, since accompanying the photograph will be interpretation reports on any heat loss anomalies. The scanner used is an 11-channel unit made by the Daedalus Group of Ann Arbor, Michigan, and it is installed in one of the company's light aircraft which would normally be operated at night between 1500 and 2000 feet. It is anticipated that the thermal images thus produced will be useful to the client in obtaining Government grants under the extended energy conservation schemes to improve building insulation. The whole programme is under the control of Dr. J. Van Genderen and the service operates from Fairey Surveys, Reform Road, Maidenhead, Berks SL6 8BU. Maidenhead (0628) 21371.

● MATERIALS

Tougher on the floor

A TWO-COAT high build floor coating system consisting of an epoxy resin base and hardener is said to provide a greater thickness at a more economical price than many epoxy multi-coat systems presently on the market.

Called Prodorguard, it can be applied to damp surfaces and should develop excellent bond through surface contact but does not depend upon penetration by low viscosity primers for adhesion.

It is resistant to the accidental spillage of acids, alkalis, solvents, etc., and if subjected to scoring, scraping or severe mechanical wear, it can be simply repaired.

Suggested applications are in selected food and beverage preparation areas, pharmaceuticals, chemical, electrical assembly, power, textiles, warehousing etc.

More from Prodorite, Eagle Works, Wednesbury, West Midlands, WS10 7LT (021-556 1821).

Hard steel keeps dozer at work

KOMATSU has a new high-silicon chromium steel with twice the abrasion-resistance of materials now used for bulldozers ripper points. Komatsu claims the new material is the most abrasion-resistant steel available for ripper points manufactured anywhere.

Main advantage of the new steel is its increased working life. Experience has shown that bulldozers working with hard base rocks (up to 2,000 metre/second elastic wave velocity) have to have several ripper point changes per working day when conventional silicon-content steels are used.

The Komatsu development team set out to produce a steel which would have excellent abrasion-resistance at the high temperatures engendered by use in these conditions. The resulting material operates particularly well in excavating hard base rock of 1500 meter/second or more elastic wave velocity where it does not become blunted, even though cutting-edge friction heat can reach 550 degrees C.

Marubeni-Komatsu, Padgets Lane, Redditch, Worcs B98 0RT.

● IN THE OFFICE

Labels for microfiche

DEVELOPED by Avery Label Systems, a new acetate label stock coated with ink-receptive varnish and a sequential application machine allows labels to be fixed to the header space of a microfiche jacket quickly and easily.

It can be used in typewriter, computer printer or word processor and is thin and translucent so that the title will be reproduced with the jacket contents in subsequent photographic processes. Opaque paper labels are also available.

Labels are die-cut for standard five-inch jackets and are spaced at quarter inch intervals on the roll to permit their use with either six or eight line per inch printers.

The company is at Gardner Road, Maidenhead, Berks. (0628 39911).

LOMBARD

Still-born plan for dollar

BY SAMUEL BRITTAN

IT HAS BEEN fashionable at recurrent intervals in the post-war period to blame British economic difficulties on the reserve function of sterling. This always seemed to me an exaggerated concern; and I have just come across an article of mine published on January 24, 1968, pouring scorn on phrases such as "putting the balances into the IMF" as if that body were a great all-receiving ocean.

Similar ideas have been urged in relation to the dollar since that currency first got into difficulties, which were — people tend to forget — experienced as early as 1960 when the abortive central bankers' gold pool was established. In the case of both currencies there has been a great deal of self-deception about the complaints. The accumulation of one's currency for reserve purposes by other countries is not a burden but a gain.

Psychological

The so-called burden of running a reserve currency is largely indirect and psychological. In the case of the UK the main cost was a largely imaginary belief that the sterling balances prevented the Government from devaluing or floating the pound. In addition there were temporary inflows of funds which tempted British Governments to inflate for a time at slightly faster rates than was consistent with the maintenance of the sterling parity. These inflows first masked the inflation, then magnified it when they went into reverse.

The interesting feature of the British case is that, in order to obtain external help in phasing out sterling's reserve role, the Government was forced to adopt policies which made such phasing out unnecessary. For as soon as the agreement of December 1976 had been made with the IMF and one the following January made with the BIS central bankers in Basle, the announcement of these agreements, together with the conditions accepted by Britain, were enough to turn the tide in sterling's favour.

As part of the 1977 Basle deal the British Government offered overseas official holders the option of converting into foreign currency denominated bonds, which were issued in marks, yen and Swiss francs, mostly with maturities in 1982 or 1984. In fact, just under £0.4bn of these bonds were taken up in early 1977 representing only 15 per cent of official balances. Despite this conversion, total official balances have actually risen slightly in the last year and a half, while liabilities to private holders have shot up rapidly.

The favourite scheme of those who regard the dollar's reserve role as a burden is a "Substitution Account" in the IMF. This would offer holders of dollar liabilities the option of exchanging them for deposits at the IMF, which would be redeemable in terms of a currency packet such as the SDR. The U.S. would not, of course, get rid of its debts that way, but its liabilities would then be to the IMF. Its practical importance would be as a face saving device where the U.S. would grant overseas dollar holders an exchange rate guarantee, probably offset by a lower nominal interest rate.

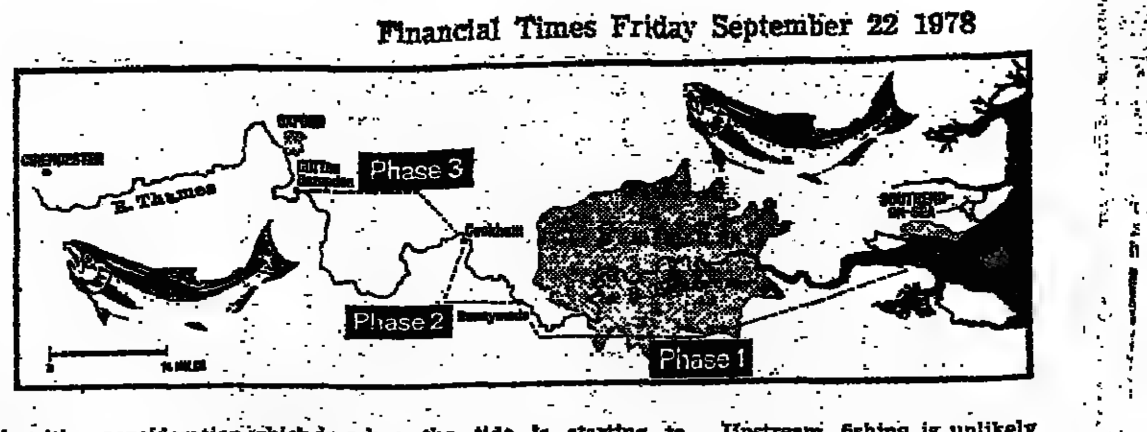
Intervention

A *Substitution Account* has always seemed to me one of the more harmless proposals if statesmen insist on "doing something" about the dollar. It involves no intervention in the foreign exchange market, no trade restrictions and no distortion of domestic policy. Nevertheless it has been shelved for the time being. This has been revealed *inter alia* by the Bundesbank's Dr. Emminger, in an interview in the September issue of The Banker. The Bundesbank President said that although he favoured the idea, he was not hopeful because the U.S. authorities were "reticent about it"—a reticence which in part reflects a dislike of the terms on which Germany and other creditor countries would accept the idea. This leaves British Government as the main supporter of the Substitution Account—no doubt because of a feeling that it might yet come in handy for sterling.

As a long term bet, the development of the mark and yen as additional reserve *currencies is much more likely* than the transformation of the IMF into a world central bank. And in the short- to medium-term, a large U.S. borrowing in foreign currency denominated bonds is the most probable major support operation for the dollar. But the U.S. Administration has been advised that such an operation would have to raise at least $20bn or $30bn to make much difference. Even then it would not turn the tide without — as in the British case — fundamental domestic measures to shift international sentiment in favour of the dollar. Once these were taken support operations could seem unnecessary.

River fit for salmon

BY JOHN GRIFFITHS



EARLY NEXT WEEK the Thames Water Authority is almost certain to approve formally the launch of a project which, practically and symbolically, should crown nearly 20 years of achievement in restoring the river to life: its objective is the return, in numbers, of the salmon.

Within the next five or six years, anglers setting out for a *day's fishing on the Thames as* far upstream as Runnymede might reasonably have as their prey *Salmo Salmar*, the Atlantic salmon.

The proposals which would make both prospects feasible, involving an outlay of some £570,000 over 22 years if all were implemented, have been endorsed by three key Authority committees within the past three weeks and Mr. Hugh Fish, the Authority's chief executive, expects work on the project to start within a few months.

The first of the project's three phases is scheduled to last for seven years. It involves the Authority spending £20,000 on a temporary fish trap and pass at a principal bottleneck, Mole*sey weir, near Hampton Court*, and £20,000 per year on stocking the upper waters with ova and fry, assessing potential nursery grounds and monitoring the returning salmon. The initial target is to produce a downstream run of 10,000 smolts—very young salmon—in the first year and 20,000 a year thereafter.

"This first phase is really research and development rather than a full-scale attempt to bring the salmon back," points out Mr. Fish—"if it doesn't succeed then we'll pack up. We have got to be certain *that there is a worthwhile bene*fit, either in social terms or fish production terms." But it is clear that Authority officials think total failure is unlikely.

Phase Two, lasting five years, would entail a more expensive series of modifications to weirs, allowing the salmon to reach Cookham. The £180,000 total cost of the phase also allows for maintaining the rearing programme and work to encourage natural spawning. The final phase, which would make 50 more *miles of river accessible* up to Clifton Hampden and bring into play potentially valuable spawning tributaries such as the Kennet and Wye, would also last five years and cost an estimated £180,000. A couple of years are expected to lapse between each phase.

The success of the project will depend greatly on establishing early a stock of young salmon up-river, for they release into the stream secretions which act as a lure to adults in the estuary. Once the process is started, 95 per cent of the smolts which migrate to spend their adult lives in the sea should, if they survive, return up the Thames to spawn.

With so many long stretches of slow-running water, and the salmon likely to be caught by anglers only in weirpools, "the Thames will never be the country's premier rod fishing river," Mr. Fish points out. "But it could be a very productive salmon fishery if we use modern technology and cropping techniques. We could adopt a trapping policy at Molesey so that for every three fish that come upstream, one fish would be for natural reproduction, one for the anglers—and one for Billingsgate. I'm not saying that we're going to do that precisely but it's a consideration which is real."

AROUND BRITAIN

THE THAMES

The Thames Barrier, now being built at Woolwich to safeguard London from flooding, could be a problem. If it were to be used not just for flood control, but to maintain more constant water levels, it could seriously block the salmon's passage, the report argued. The other area of concern centred on several new power generating plants being *established on the lower* Thames to supplant those nearer London such as Battersea. Unless cooling towers were built for the large volumes of water used by the plants, and adequate intake screens provided, there was the triple danger of trapped, par-boiled salmon, of a rise in estuary water temperature from the discharged water which in itself would deter the salmon, and, perhaps more seriously, increased bacterial activity which would lower oxygen levels.

Mr. Fish is sanguine about the barrier: "The latest evidence shows that the salmon tend to move upstream only when the tide is starting to ebb, so they could swim over the barrier anyway." The power stations are of greater concern, "but having spent vast sums on cleaning up the river over the past few years, it would be plain silly for the Government to allow power stations to be built without the cooling towers."

More immediately problematical are likely to be predators, of the two-legged variety which go down to the sea in boats. The legal position on the tide-way is complicated: the TWA is in theory responsible for pollution control, salmon and freshwater fish, while Essex and Kent Sea Fisheries Committee is responsible for sea fishing. The *Port of* London Authority falls between both. There is the serious possibility, as has happened off the north-east coast of Scotland, that netting of salmon in large numbers by those ostensibly after sea-fish would take place. "It would be illegal, of course, but human nature being what it is . . . they would be encouraged to take a hell of a lot at the price salmon is fetching now."

Upstream, fishing is unlikely to be the exclusive preserve of the wealthy. A combined salmon and coarse fish licence is envisaged for the weirpools, with costs initially unlikely to be much above the £3 a year *which 160,000 Thames anglers* currently pay for their rod licence. "I'm all in favour of a coarse fisherman getting a salmon—he's as much entitled to one as anybody else," observes Mr. Fish.

There have already been signs of the salmon's return. But apart from a few small ones found in the lower Thames, there was little to stir excitement until June of this year, when a male adult of 8-10 lb was sighted in the weir pool at Shepperton.

"Tell me of any industrial river in the world where you can even catch the fish, let alone eat them," Mr. Fish observes. "Down at Beckton (sewage plant) the other day, the concentration of ducks and swans around the outfall spoke more volumes than all the chemical analyses and biological surveys. . . ."

Confident Starkey will bid for Ayr Gold Cup today

RACING

BY DOMINIC WIGAN

GREVILLE STARKEY, who seems to have been riding the crest of a tidal wave since early summer, goes for another valuable prize this afternoon when he partners Vaguely Great in the Burmah-Castrol *Ayr Gold Cup* at the Western Meeting.

There is a great deal of confidence behind Fair Salinia's stable mate—and it is not difficult to see why.

In his last race, the chestnut Great Nephew colt was back on the bridle before the finishing post when coasting home the five-lengths winner over The Sandford in Newcastle's Northumberland Trophy.

Vaguely Great seems certain to give a good account of himself though I doubt that he will find the concession of lumps of weight to a number of more than useful sprinters anything but a *formidable task.*

Two others who seem sure to figure prominently at the close are the course winners Emperor's Shadow and Roger Bacon, who are both handled by trainers with an eye for the right handicap.

The Reg Hollinshead three-year-old Emperor's Shadow, who gained just one success from 15 attempts last season, has been more than earning his keep with victories here, at Newcastle and two at York.

Last time out he made up for a lack-lustre York run behind Absalom with a 12-1 victory in the Playboy Bookmakers Handicap on the Knavesmire.

Ridden there, as he is to-day, by 23-year-old Paul Shrimpton, one of the best 7-lb claimers to have recently made a break-through, Emperor's Shadow just lasted home from the fastfinishing Young Bob, with Red *Johnnie comfortably held in* third place.

Bottom weight Roger Bacon, owned by his trainer, Johnny Haine, is a tough and consistent gelding and he is not one I would care to leave out of calculations with Kevin Darley bringing his weight down to 7 st 5 lb through the 3 lb allowance.

AYR

2.30—Majestic Maharaj
3.05—Roger Bacon
3.35—Budget Queen
4.35—Denmore

NEWBURY

2.15—Lily Marlene***
2.45—Telsmoss*
5.15—Elusive Pimpernel**

TV/Radio

BBC 1

†Indicate programme in black and white

6.40-7.55 am Open University (Ultra High Frequency only). 9.30 For Schools, Colleges. 10.45 You and Me. 11.05 For Schools, Colleges. 12.25 pm Golf: The Hennessy Cognac Cup: Great Britain and Ireland v Europe. 12.45 News. 1.00 Pebble Mill. 1.45 Trumpton. 2.02 For Schools, Colleges. 3.00 Golf. The Hennessy Cognac Cup. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Help! It's the Hair Bear Bunch. 4.40 The Horse of the Year Show. 5.05 Play Away Away Day. 5.35 Ivor the Engine.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.55 Young Dan'l Boone.
7.45 Seaside Special from Weymouth.
8.30 The Fall and Rise of Reginald Perrin.
9.00 News.
9.25 Target.
10.15 Tonight.
10.45 News Headlines.
10.50 The Late Film: "Ruby Gentry," starring Jennifer Jones and Charlton Heston.

All Regions as BBC1 except at the following times:—

Wales — 11.05-11.25 am For Schools. 1.45-2.00 pm Nant-Y-Pant. 5.55-6.20 Wales Today. 6.55 Heddiw. 7.20 Cawl A Chan. 8.00-8.30 Dad's Army. 10.15 Kane on Friday. 10.45-10.46 News for Wales.

Scotland—10.23-10.43 am For Schools (Living in Scotland). 5.55-6.20 pm Reporting Scotland. 10.15 Tormod Air Telly: The Norman MacLean Show. 10.45-10.46 News for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 Star Brass. 10.45-10.46 News for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.15-10.45 East (Norwich) For Your Tomorrow; Midlands (Birmingham) It's Your *Affair*; North (Leeds) Mr. Smith Steps Out; North East (Newcastle) Friday North; North West (Manchester) Home Ground; South (Southampton) Report South; South West (Plymouth) Peninsula; West (Bristol) The Factory.

BBC 2

6.40-7.55 am Open University.
11.00 Play School (as BBC1 3.55 pm).
11.25, 2.00pm and 3.55 Golf: The Hennessy Cognac Cup: Great Britain and Ireland v Europe.
4.55 Open University.
7.00 News on 2 Headlines.
7.05 Children's Wardrobe.
7.30 News on 2.
7.35 Expert Opinion.
8.00 Padre Pio.
9.00 The Southampton Boat Show.
9.45 *Horizon.*
10.45 Golf. Hennessy Cognac Cup highlights.
11.15 Late News on 2.
11.30 Rock Goes to College.
12.10 am Closedown (Reading).

LONDON

9.30 am Schools Programmes. 11.54 Beany and Cecil Cartoon. 12.10 pm Stepping Stones. 12.30 Country Style. 1.00 News plus FT Index. 1.20 Thames News. 1.30 *Untamed Frontier.* 2.00 *Money-Go-Round.* 3.25 Racing from Ayr. 4.15 The Flockton Flyer. 4.45 Magpie. 5.15 Thames Sport.
5.45 News.
6.00 Thames at 6.
6.20 Emmerdale Farm.
7.00 The Krypton Factor.
7.30 *The Rag Trade.*
8.00 3-2-1.
9.00 The Foundation.
10.00 News.
10.30 Police Five.
10.40 Soap.
11.10 The *Friday* Film: "The Mummy's Shroud."
12.40 am Close: A poem by John Donne, read by Derrick Gilbert.

All IBA Regions as London except at the following times:—

ANGLIA

1.20 pm Anglia News. 1.30 Those Wonderful TV Times. 5.15 Bygones. 6.00 About Anglia. 10.30 Cross Question. 11.00 Friday Late Film: "Bus Stop," starring Marilyn Monroe. 12.45 am Your Music At Night.

ATV

1.20 pm ATV Newsdesk. 1.30 Stars On Ice. 5.15 Happy Days. 6.00 ATV Today. 10.30 Soap. 11.00 The Creature Feature.

BORDER

†1.20 pm Border News. 1.00 Survival. 5.15 Garnock Way. 6.00 Lookaround Friday. 6.30 Firehouse. †10.30 Late Film: "The Hill." 12.45 am Border News Summary.

CHANNEL

5.15 pm Emmerdale Farm. 6.00 Report At Six. 6.35 The Lost Islands. 10.28 Channel Late News. †10.32 The Late Movie "The Visit." 12.15 am News and Weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm Grampian News Headlines. 1.30 Survival. 5.15 Emmerdale Farm. 6.00 Grampian Today. *6.25 Top Club 7.30 Dave's Singalong.* 10.30 Reflections. 10.35 The Friday Film: "Countess Dracula." 12.30 am Grampian Late Night Headlines.

GRANADA

1.20 pm This Is Your Right. 1.30 Gambit. 5.15 pm This Is Your Right. 6.00 Granada Reports. 6.30 Kick Off. 10.30 Reports Extra. 11.00 Friday Film: "This Property is Condemned."

HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 1.30 Gambit. 2.00 Women Only. 5.15 Focus On Soccer. 6.00 Report West. 6.15 Report Wales. 6.30 Emmerdale Farm. 10.35 Report Extra. 11.05 The Friday Film: "The Last Run."

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion Y Dydd. 4.15-4.45 Camau Cantamil. 6.00-6.15 Y Dydd. 10.35 Letter By Letter. 11.05 Outlook. 11.35-12.30 am The Outsiders.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 pm News and Road Report. 1.30 Houseparty. 5.15 Gambit. 6.00 Scotland Today. 6.30 Emmerdale Farm. 7.30 thingummyjig. 10.30 Wait Till Your Father Gets Home. 11.00 Late Call. 11.05 Appointment With Fear—"The Mystery Of The Wax Museum."

SOUTHERN

1.20 pm Southern News. 1.30 Gambit. 2.00 Women Only. 5.15 Happy Days. 6.00 Day By Day. 6.00 Scene South East (South East Area Only). 6.30 Tell Me Another. 10.30 Weekend. 10.35 "Powder-keg," starring Rod Taylor. 12.15 am Southern News Extra.

TYNE TEES

9.25 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Lookaround. 1.30 Father Dear Father. 5.15 Gambit. 6.00 Northern Life and Sportstime. 10.30 The Friday Film: "A Study In Terror. 12.20 am Epilogue.

ULSTER

1.20 pm Lunchtime. 1.30 Gambit. 4.13 Ulster News Headlines. 5.15 The Beverley Hillbillies. 6.00 Reports. 6.25 Sportscast. †10.30 Feature Film: "Sweet Smell Of Success." 12.00 Bedtime.

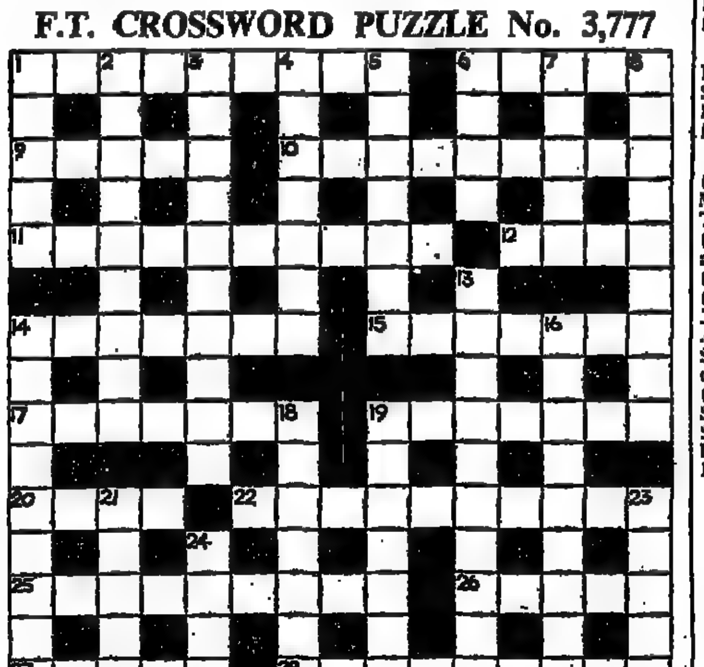
WESTWARD

p 11.55 am Cartoontime. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 5.15 Emmerdale Farm. 6.00 Westward Diary. 6.35 Time Out. 10.28 Westward Late News. †10.30 The Late Movie: "The Visit." 12.15 am Faith For Life.

YORKSHIRE

1.20 pm Calendar News. 1.30 Houseparty. 5.15 Happy Days. 6.00 Calendar (*Emley Moor and Belmont editions*). 6.35 Calendar Sport. 10.30 An Audience with Jasper Carrott. 11.00 "One Of My Wives Is Missing."

F.T. CROSSWORD PUZZLE No. 3,777



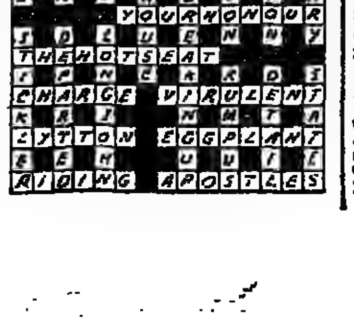
ACROSS

1 Dismiss clergymen appearing in coarse material (9)
6 Should it awaken the French spirit? (5)
9 Time right to return and make payment (5)
10 Decorated foes to end disturbance (9)
11 Fellow in biblical story is to be forgiven (10)
12 Clothes motorists get into (4)
14 Wrongly sided with us is admitted, but is no longer employed (7)
15 Clothing soldiers and more soldiers in it (7)
17 Scrap peculiar people start taking (7)
19 Important games for girls who are quiet inside (3-4)
20 Storage place for crude oils (4)
22 Highly intellectual person, a teacher with a brain (10)
25 Other ranks dance around in command (9)
26 Drink to the south-east and tantalise (5)
27 Incident *involving* woman with wrong book (5)
28 Unafraid and lead astray in dress (9)

DOWN

1 Parts put up for travellers to hang on to (5)
2 Consisted of brief competition and is in the red (9)
3 Source of oil and textile fibres (10)
4 Discourteous but it may be impromptu (7)
5 Unusual holster for stable-man (7)
6 Instrument turned over for plunder (4)
7 Called Oriental strange? No way, it's just a row (5)
8 Regulates fashion prices (9)
13 Dejected and died taking in strong drink (10)
14 Lets go of ice-cream cornet and cake (4-5)
16 Cheer about one minute and cancel (9)
18 Exercised with wet weather inside and dry outside (7)
19 Spiteful women look on what the motorist sees in the dark (4-3)
21 Left border of shelf (5)
23 Doctor on eastern ship is to apply bandage (5)
24 Produce fabric for equipment to go round pole (4)

Solution to Puzzle No. 3,776



RADIO 1 247m

(S) Stereophonic broadcast
‡ Medium Wave

5.00 am As Radio 2. 7.02 Dave Lee Travis. 9.00 *Simon Bates.* 11.31 Paul Burnett including 2.00 pm Peter Powell. 4.31 Kid Jensen. 7.30 Jim Macleod and his Band (S) (joins Radio 2). 10.02 John Peel (S). 12.00-2.02 am As Radio 2.

RADIO 2 1,500m and VHF

5.00 am News Summary. 5.02 Tony Brandon (S) including 6.15 Pause for Thought. 7.32 Ray More (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.02 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S) including 1.45 Sports Desk. 2.30 David Hamilton (S) including 2.45 and 3.45 Sports Desk and *Racing* from Ayr. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S) including 5.45 Sports Desk and 6.02 Cross-Channel Motoring Information. 6.45 Sports Desk. 7.02 Jim Macleod and his Band in Radio 2 Ballroom (S). 8.02 Friday Night is Music Night: Silver Jubilee Concert part 1 (S). 8.40 Talk about Friday Nights past and present. 9.00 Concert, part 2. 9.55 Sports Desk. 10.02 Games People Play. 10.30 Let's Go Latin with Robin Jones' Latin Lace. 11.02 Brian Matthew introduces Round Midnight, including 12.00 News. 2.00-2.02 am News Summary.

RADIO 3 464m, Stereo & VHF

†6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composers, Albeniz and Granados (S). 9.45 Young Artists Recital (S). 10.45 BBC Northern Ireland Orchestra (S). 11.30 Brahms, Debussy and Liszt piano recital (S). 12.15 pm Cardiff Midday Prom, part 1. 1.00 *News.* 1.05 Playbill (S). 1.20 Cardiff Midday Prom, part 2. 1.55 Southampton University Madrigal Society (S). 2.35 Violin and Piano recital (S). 3.10 Bratislava Folk Music Prize 1977 (S). 3.45 Leeds International Piano Competition 1978 (S). 4.45 The Young Idea (S). †5.45 Homeward Bound. †6.05 News. †6.10 Homeward Bound (continued). †6.30 Lifelines: Leisure and Recreation. 7.30 Opening of The Queen Elizabeth Hall Oldham Concert, part 1 (S). 8.20 Painting in Close-up. 8.35 Opening Concert part 2 (S). 9.30 The Living Poet: W. S. Graham reads recent work. 10.25 Boccherini and Haydn chamber music concert (S). 11.15 Alistair Cooke's Vincent Youmans. 11.45 News. 11.50-11.55 Tonight's Schubert Song (S).

Radio 3 VHF Only—6.00-7.00 am and 5.45-7.30 pm Open University.

RADIO 4

434m, 330m, 285m and VHF

6.00 am News Briefing. 6.10 Farming Today. 6.30 Today: including 6.45 Prayer for the Day. 7.00 and 8.00 Today's News. 7.30 and 8.30 News Headlines. 7.45 Thought for the Day. 8.45 A High Wind in Jamaica. 9.00 News. 9.05 Local Time. 9.35 Am I Too Loud? 10.00 News. 10.05 Checkpoint. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Analysis. 11.50 Old Wives' Lore of Gardening. 12.00 News. 12.02 pm You and Yours. 12.27 My Music (S). 12.55 Weather; programme news. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour from Birmingham including 2.00-2.02 News. 2.45 Listen With Mother. 3.00 News. 3.05 Afternoon Theatre (S). 4.00 News. 4.05 The Remittance Man. 4.35 Story Time. 5.00 PM Reports. 5.40 Enquire Within. 5.55 Weather: programme news. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Profile. 8.30 Any Questions? 9.15 Letter From America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Week Ending (S). 10.55 Nightcap. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 News.

BBC Radio London

206m and 94.9 VHF

5.00 am As Radio 2. 6.30 Rush Hour. *9.00 London Live.* 12.03 pm *Call In.* 2.03 206 Showcase. 4.03 Home Run. 6.10 London Sports Desk. 6.35 Good Fishing. 7.00 Look, Stop, Listen. 7.30 Black Londoners. 8.30 Track Record. 10.00 Late Night London. 12.00-Close: As Radio 2.

London Broadcasting

261m and 97.3 VHF

5.00 am Morning Music. 6.00 AM: *non-stop news, information, travel, sport.* 10.00 Brian Hayes Show. 1.00 pm LBC Reports. 3.00 George Gale's 3 O'clock Call. 4.00 LBC Reports (continues). 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio

194m and 95.8 VHF

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Mike Allen's Late Show (S). 2.00 am Ian Davidson's London Link International (S).

ENTERTAINMENT GUIDE

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OPERA & BALLET

THEATRES

CINEMAS

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Sandra Dugdale, Terry Jenkins, Anthony Rolfe Johnson and Valerie Masterson

Coliseum

The Seraglio

by MAX LOPPERT

The English National Opera revival of *The Seraglio* is of uncommon grace, dexterity, and freshness, and it is crowned by Valerie Masterson's Constanze. Miss Masterson has become one of the most complete performers on our lyric stage. Watching her, a figure of gentle beauty, simple dignity, and effortless poise in every movement, and listening to her easy, unforcedly limpid mastery of the music, it was hard to keep in mind that the role is one of Mozart's most difficult. A slight edge on one or two of the highest notes, and a tendency to restrain soft singing to the brink of inaudibility, had passed in time for "Martern aller Arten." Of this Miss Masterson gave an account of rare radiance and splendour — the sound of cleanly traced, golden-toned scales and roulades sent winging into this large auditorium is one that will linger long in the memory.

For this alone the revival should on no account be missed; but it has many other virtues, and will no doubt gather even more in later performances. Sandra Dugdale sings and acts an adorable Blonde, whose pearly high soprano draws a fine, happily complementary line alongside Miss Masterson's, and whose *Engländerin* is managed with just the right degree of comic pluck (those three Es in *altissimo* must surely come right on another night). Terry Jenkins's Pedrillo is sturdy, inventive, and never too boisterous.

Anthony Rolfe Johnson now adds Belmonte to his list of Mozart roles at the Coliseum. There is more dash and distinction than he has so far found in it, more romance in "O wie ängstlich." On Wednesday night the aria was not the evocation of sighs, murmurs, and a "beating amorous heart," but musically something rather more phlegmatic in temperament. Wig and costumes conspire to force on a personable singer a rather Dumptyish figure. But Mr. Rolfe Johnson commands the mellow sweetness of the music, its long lines, its legato and florid detail—his performance of the often cut "Ich baue ganz" showed it—and his command of the stage deserves to grow equally confident.

John Copley's seven-year-old production, in Stefanos Lazaridis' golden settings, is traditional in the best sense. It does not try to reshape the opera into something it is not, to inflate it or write complicated explanatory subtexts into its margins, but it holds both the merriment and the emotional richnesses in a deft and careful balance. His handling of Osmin, lightly sketching in the venal grossness (a firm performance by Dennis Wicks despite the absence of sonorous pedal notes below the bass stave) and of the Pasha (handsomely taken by Carl Oatley), are just two examples of that deftness. At first Lionel Friend was a somewhat prim, unsettled conductor; halfway through the first act quicksilver began to settle on the playing, and the pacing became forward and dramatic. A word for the four instrumental soloists in "Martern aller Arten," worthy companions of Miss Masterson's excellence.

Düsseldorf

The Marriage of Figaro

The Deutsche Oper am Rhein opened the 78/79 season at Düsseldorf with a new production of Mozart's *Le nozze di Figaro*, sung in German. A kind of heightened realism is evidently the aim of Nikolaus Lehnhoff (director) and Michael Raffaelli (designer), with emphasis on the Spanish background to Da Ponte's text. The fashionable back-to-Beaumarchais adaptation is not attempted. Multi-level sets, with white plastered walls, arched ceilings and dark, austere furniture—the Düsseldorf Museum of Art has lent several pieces—are basically attractive; so are the costumes, made from old, generally rich-looking materials.

Unfortunately, the effect is spoilt by too many Spanish shawls draped over tables or balustrades, while female characters tend to sprout scarlet roses in their hair like budding Carmens. Similarly, the overpowering feeling of a self-contained household busily going about its daily tasks, which is one of the production's strongest assets, cannot always justify the frenzied activity of everybody concerned. That Don Basilio should eavesdrop at doors and peer through keyholes makes a valid point; that Cherubino should be visible—and should visibly react—throughout the period that he is locked in the Countess's dressing-room, merely stresses the obvious and diverts attention from the drama on stage.

Nevertheless, Cherubino emerges a clear winner from the welter of activity, partly because Trudeliese Schmidt, who sings the role, has the dominant personality of the cast. With gawky, adolescent limbs sprawling in unco-ordinated movement, this page bounces on, over and behind the bed—there is no chair—in the first act, and hides from the Count in Susanna's trunk. Unashamedly terrified by the idea of war or battle, he jumps from the Countess's window without a second thought. But whatever acrobatic feat she is called upon to perform, Miss Schmidt retains an evenness of tone and an elegance of phrasing in her singing.

Krisztina Laki, a competent but vocally rather charmless Susanna, is more bosom friend than lady's maid to the Countess, whom Horiana-Branisteanu plays as a lively, hot-blooded young woman still recognisably the resourceful Rosina of *The Barber of Seville*. Sincerity of feeling is apparent in her arias—the second placed after the sextet not, as in London we now expect, before it—but no very deep emotion.

Hans Tschammer's Figaro, sturdy of voice and equable of temperament, sings "Aprite un po' quegli occhi" directly at the audience before a drop curtain; the trunks of some very convincing pine trees are then revealed, rather later than usual, and much can be forgiven Herr Lehnhoff for the skill with which he sorts out the ensuing confusion of identities.

Günther Wich conducts with a sure if occasionally too heavy hand. He keeps the music flowing freely—there is only one interval — but does not always allow his singers sufficient breathing space.

ELIZABETH FORBES

Hampstead

Gloo Joo

Michael Hastings evidently shares my opinion that the best way to confront evil is to laugh at it. So in *Gloo Joo* (a word that appears to mean gobbledygook) he scores a straight flush on racialism and takes a savage punch at our immigration laws, or anyway at the way they're enforced, which isn't necessarily the same thing; and he has produced the most hilarious play for years. Poison in jest: no offence in the world.

Meadowlark Warner is to be deported to Jamaica because he has no documentary proof of patriality (this obsolete word revived to make it easier for the Government to deport black men). His defence, presented by Oscar James in a marvellous stream of West Indian talk that would be a joy to hear even without its subtle humours, is that he is just about to marry his girl Irene, who holds a British passport.

But Irene, alas, is Irish: her passport has a green, not a blue, cover, and Meadowlark dispatches her. Live with those potato-pickers? Not he. But he, and Mr. Hastings, have another shot in the magazine: the girl Meadowlark really wants to marry is Edna, who happens to be arriving from Guyana just in time for him to marry before his plane leaves for Jamaica. Edna has a blue passport.

And married they are—not by the vaguely-defined "priest-man" whom Meadowlark claims to have laid on, but by a rabbi of the New Progressive Liberal Synagogue, who is so progressive that he takes in Meadowlark's nonsense about the Temple of Nimrod and the Holy Black Redeemer, to which he says he belonged as a boy. The wedding ceremony, conducted hurriedly in the Interrogation Room at Gatwick, is a masterpiece of invention: Meadowlark (still handcuffed) and slim, educated Edna responding to the questions posed by the rabbi, while the two goyim from the Immigration Department hold a canopy over them that sways and dips from time to time to conceal the whole ceremony.

The play is beautifully laid out, beginning with a great rush of movement, running the gamut of its pokes at the blacks, the Irish, the Poles, the Jews, not to mention the British, and ending with a splendid conclusion in which Meadowlark gets his deserts for a life of deceit and yet maintains the sympathy that he has never lost all the evening. The playing, directed by Michael Rudman, is faultless. Antony Brown and Dave Hill are beautifully contrasted Immigration Officers, the one a talking reference-book, the other given to sharp short cuts to get what he wants. Heather Tobias plays Irene near to permanent hysterics, Okosua Busia keeps Edna quiet and responsible until her last terrible volte face. Poppy Mitchell's set makes astonishingly generous use of the tiny Hampstead stage.

This should be a sell-out.

B. A. YOUNG

Oscar James and Akosua Busia

Elizabeth Hall

Richard Hickox Orchestra

by NICHOLAS KENYON

It was a night of extremes at the Elizabeth Hall on Wednesday. I shall allude to the most unfortunate extreme at the end of this review; for the rest the extremes presented were those of Bach performance style. This was the first of three all-Bach concerts to be given by Richard Hickox on the South Bank (the *Mass in B minor* follows at the Festival Hall on October 16) and it was strange to hear this music subjected to two radically different types of articulation, phrasing and timbre — though each was carried through with near-impeccable professional skill.

Perhaps influenced by the densely coloured, darkly intense voice of John Shirley-Quirk, who sang the two favourite solo baritone cantatas, *Ich habe genug* and *Ich will den Kreuzstab gerne tragen*, Mr. Hickox adopted a passionately sustained approach to the string writing, even when it consisted merely of accompaniment figures. Each phrase was boldly drawn to extract maximum expressiveness, and the serene lullaby "Schlummert ein" sounded weighed down; only at the *da capo* of this and the first aria did the orchestra relax, producing a calm *mezza voce* which let us hear more of the texture.

An over-strenuous approach also marked the Brandenburg Concerto No. 3 with which the evening began: the six solo violinists and violists, standing, were enjoyably vigorous in rhythm, but Mr. Hickox's demonstrative direction packed a punch that would not have disgraced a Sir Henry Wood performance with five times the number of players. All the more surprising, then, that in the final performance of Bach's First Suite, the dance movements were given the opposite treatment, full of a well-articulated likeness. Courante and Minuet in particular had an airy lilt quite distinct from a Leppard bounce or a Marriner snap; oboe and bassoon playing was splendid throughout, with Gareth Hulse slightly firmer in rhythm than he had been in his warm obbligati in the cantatas.

The concert's unhappiest extreme was out of the artists' control—and also, apparently, out of the stewards' control, though one would have thought this experienced hall staff might have been able to prevent a girl from storming into the hall, on to the stage, and determinedly attacking the conductor. The only visible damage was to Mr. Hickox's carnation, and all concerned coped with great restraint; but the incident cast an unpleasant shadow over the evening.

Cinema

The smiling face of woman

by NIGEL ANDREWS

One Sings, The Other Doesn't (AA)	Gate
Outrageous (X)	Odeon Kensington, Studio Oxford Street, Scene Leicester Square and Screen on the Green
An Enemy of the People (U)	Classic Oxford St.
L'Hotel de la Plage (AA)	Gala Royal
Le Sauvage (A)	Curzon

1978 has been marked by a spate of films for, by and about women. At the Cannes, Berlin and Edinburgh festivals this year, such films were omnipresent, but with the time-lag usual in movies journeying from festivals to commercial cinemas, you are unlikely to see most of them until 1979. Here, however, is one of the advance guard: Agnes Varda's *One Sings, The Other Doesn't*, shown at Cannes last year, and perhaps the most widely-praised film the French director has made since her Nouvelle Vague debut with *Cléo from 5 to 7*.

Varda's work is something of a conundrum. Her best-known film was *Le Bonheur* (1965), in which a young husband's love affair with a pretty girl drove his wife, by slow degrees, to despair and suicide. Shot with the arch beauty of a cigarette commercial, it was hard to know if the film was to be taken straight or with a pinch of irony. The adulterous affair survived the wife's death, as if her suicide were the merest ripple on the surface of a perfect love; and something of the same all-trampling optimism pervades her new film.

It is about two girls, 17 and 22 respectively when the film opens. Pauline (alias "Pomme"), the younger, is an aspiring singer. Suzanne is a mother of two, thrown onto her own resources one day when the children's father commits suicide by hanging himself in his photographic studio. The two girls' friendship over the ensuing 15 years is depicted in a cross-cut chronicle of two lives. Suzanne, after her lover's death, first takes refuge with her parents in the country, then opens a women's clinic, then meets and marries a doctor. "Pomme" pusues her career as a street singer, meets and marries a young Iranian, has two children by him, the second of whom is born after the couple have split up.

The first half of the film is much the better. Varda scatters clues neatly and swiftly as to the contrasting temperaments of his two heroines, and they are given further high definition in the actresses' own personalities and physical presences. Valerie Mairesse as Pomme is a pretty buxom redhead with an ever-alert expression ranging from the pert to the combative. Thérèse Liotard's Suzanne, by contrast, has a melancholy, hollow-cheeked beauty, like a refugee from Picasso's blue period.

The mutual attraction of these two opposite poles is the most convincing thing in the film, and it carries the story along through its often haphazard progress. Varda has composed a hymn to female sensitivity and solidarity, and although most of the details of action and emotion ring true, the film finally trips up on that old Varda failing, optimism-at-all-costs. The colours are all a little too summery and sky-blue: the People are all a little too Beautiful: and although they skirt pain and unhappiness, the heroines never look as if they will actually *succumb* to them. The film's pre-determined hopefulness climaxes in a last, winsome shot in which, sitting by a lake among the flowers wafting in soft focus, the heroines and their friends are seen smiling and chatting and forming their own "dream family."

The film here trades in its realism for the Instant Euphoria Effect of a TV advert. "I love to analyse with pessimism and to act with optimism," says Varda in the accompanying Press blurb: and too often, one feels, the film's undoubted intelligence and compassion yield to Varda's determination to put on a smiling face and a soft-focus filter, and tell us that all is well with the world.

*

There has never been a gay film more likely to win friends and influence people than Richard Benner's *Outrageous*. Its main actor Craig Russell who plays a young Canadian who graduates from anonymity as a hairdresser to fame and fortune as a drag artist, first in Toronto then in New York, won this year's Best Actor award at the Berlin film festival. It was an original, even courageous award for the jury to give, since Russell, who spends half the film dressed as a woman, might be thought to have disqualified himself on a technicality. But he deserves a laurel and so does the film. It has been hugely popular wherever it has shown — including Canada, America and divers film festivals —and I shall be surprised if Londoners do not flock to it with equal enthusiasm.

It is, strictly speaking, two films, and they do not always coexist in perfect harmony. One story follows our hero's rags-to-riches — or denim-to-organdy — success story. Another tells of a schizophrenic girl friend of his (strictly Platonic, of course) who, having discharged herself from a mental home, seeks refuge in his flat and tries—with his help and the sceptical consent of her doctor—to see if she can live life in the "real" world. The film makes heavy weather of linking these two stories: earnestly deposing that both characters are "mad" in the conventional eyes of society and that the secret of life lies in accepting, not fighting, one's abnormality.

The film's message is perhaps best disregarded. Neither schizophrenics nor homosexuals are better off for having their two "conditions" equated, and the film's on much surer ground when simply following its hero from bar to bar, night-club to night-club, as he enacts a dazzlingly funny series of drag impersonations, including Streisand, Mae West, Carol Channing, Tallulah Bankhead and Bette Davis. Offstage, the film rejoices in a plethora of camp one-liners (Russell reacts to a mid-party telephone call with "If it's Dino di Laurentiis, tell him I'm not speaking to him and *he knows why!*") and it is good at last to hear the Love That Dared Not Speak Its Name speaking up with such wit and volume.

*

Steve McQueen emerges from a four-year hibernation to star in a screen adaptation of Henrik Ibsen's *An Enemy of the People*. You last saw him as the coolly heroic Fire Chief in *The Towering Inferno*. Now he reappears, Hollywood's own Rip Van Winkle, in so much beard and long hair that you have to blink three times before realising that it is yesterday's superstar.

Although Ibsen's play about a provincial doctor (McQueen) who battles to persuade the town authorities to admit that the profitable local spa water is polluted (and becomes a social leper for his pains) has a topically ecological theme, its confined settings and verbal cut-and-thrust belong essentially to the stage. Under George Schaefer's stolid direction, the characters move about in the living-death poses of a BBC classic serial: attitudinising statuesquely and trying to project Thoughtfulness. McQueen manages at once to look totally out of place and to give the best performance in the film. Most of his fellow actors seem dead behind the eyes, but McQueen's acting is *all* in the eyes, and the miniature vibrancy of his performance is a wonderful illustration and vindication of the special art of screen acting.

*

Finally, two French comedies. *L'Hotel de la Plage* is directed by Michael Lang, who made the hugely popular—in France at least — *A Nous Les Petites Anglaises*. That was a tale of two French youths holidaying in Ramsgate and discovering a world of lovable English eccentricity they had never discovered before. Nor had the English. M. Lang's Ramsgate was all mythical British bobbies, mythical cockney landladies and improbably nubile schoolgirls. Lang has now moved his setting back to France, and one would think he would be on surer ground. But this multi-character comedy of mishaps, set in a seaside resort in Brittany, is like a Carry On film without the jokes. As one unfunny vignette of would-be seduction, would-be adultery, or would-be slapstick in the restaurant succeeds another, a ghastly torpor descends upon the audience: and one member at least left ten minutes before the end.

*

Le Sauvage begins better, at any rate. Catherine Deneuve is the young bride fleeing from her husband on their wedding night. Yves Montand, looking as if he has strayed from a Graham Greene novel, is the shabby fugitive French perfumier (sic), living in a Caracas hotel, who sleeps in the room next to that occupied by Miss Deneuve on her first night of flight. They join forces, and after he has escorted her through many a car chase and rumbustious confrontation with her spouse, they end up sequestering themselves on his private jungle island. Will civilisation summon them back to their respective former lives, or will True Love triumph? The answer is not quite worth the wait, since the film becomes soggier and more sentimental as it grows older. But for Montand and Deneuve fans, at least, there is good value. Seldom have the two shown a lighter touch or dispensed so much easy, tousled comic charm.

Terese Liotard and Valerie Marese

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Numbers begin to add up

FOR SOME time now the various indicators of the economy have presented a confusing picture—a roaring consumer boom, a considerable industrial demand for credit, very sluggish figures for output and yet only a mildly disappointing performance on the current account. This is inconsistent, because unless domestic output was rising, it was hard to explain the demand for credit, and still harder to explain the balance of payments. A sharp growth in consumption met entirely from imports, while exports were in a pause, would suggest much worse figures than emerged, despite the swings in the terms of trade.

The latest revisions, and the presentation on an up-to-date and therefore realistic price basis, make a good deal more sense, and it is moderately encouraging sense too. It should be pointed out first that, although there has been a good deal of very natural political suspicion of an acceleration in growth produced by nothing more than a revised price base for turning money figures into real ones, the 1975 price base is in fact more realistic than the superseded 1970 base. There were enormous changes in relative prices in the five years concerned; and although the new series may mildly overstate the importance of some commodities—notably oil and foodstuffs—the distortion is far less drastic than the previous understatement.

The new figures are much easier to reconcile with financial fiures and with the general rates of cost and price increases than the old ones.

Capacity

What the figures now suggest is quite a sharp recovery in output, though of very recent date. It set in in the spring, when there was a rise of 1½-2 per cent in GDP between the first and second quarters. All the evidence of surveys suggest a further rise in activity in the current quarter; and the output data, which are on the whole the most reliable of the indicators in the short term, have recently been running ahead of the series for income and expenditure. Growth may for the time being be going on at an annual rate of as much as 7 per cent—not a normal or sustainable figure for the UK economy, but not too surprising in the early stages of a recovery, when there is ample spare capacity.

If this is confirmed by later statistics, it will demonstrate what many statisticians have begun to suspect—that the financial figures are often a better quick guide to real events than the so-called real statistics. Private credit demand took off in a way which confounded official forecasts right from the start of the financial year. It now seems possible that this was partly to finance a higher than expected growth of output.

On a longer view, the growth by mid-year was hardly impressive. Output was two and a half per cent higher than a year earlier, and this figure is reduced to 1½ per cent when oil is excluded from the figures. However, this is to be expected of a recovery only established for three months. It is the implications of a more sustained recovery that are interesting, whether or not the second-quarter pace is fully maintained.

Encouraging

The most encouraging implication is for inflation. It has been difficult until now to reconcile the low inflation forecasts shown in the Price Commission index and in CBI surveys with a 14.2 per cent rise in earnings, or the ten per cent rise in total domestic costs shown in the new figures. However, a more rapid growth of output, combined with the unemployment figures, suggests part of the answer: an improvement, at last, in productivity. This is again normal at this stage of a cycle, but the disasters of recent years have made normality seem almost too good to be true.

The other half of the explanation is not so encouraging. It is clear that partly due to the strength of sterling in the exchange markets, prices are being restrained to some extent by competitive pressures. As a result profits, although they have not actually been compressed, are not yet rising in step with other elements in the national income. Unless further growth, coupled with firmness over wage claims, wins back a better profit share, the impetus for growth will not be long sustained.

Bonn makes its contribution

FOR MANY months earlier this year, the West German Government refused to yield to international pressure to stimulate the country's economy. Bonn argued that such a move would be inflationary, that growth was in any case picking up and that it had little real control over how the average citizen spent his money. In the end, Chancellor Helmut Schmidt made his gesture at the July world summit and a £3bn package of stimulatory tax cuts was duly presented to the Bundestag this week. There seems little doubt that the package will go through.

Justifiable

If the package was partly the result of international pressure, it is equally justifiable in purely domestic terms. Inflation in West Germany is not going to get out of control as a result of it. Indeed the expectation is still that consumer prices will rise by under three per cent this year—a rate that is exemplary by almost all standards save the Swiss. It is possibly true that many West Germans are going to save the extra income or spend it on foreign travel. But West German business seems to be firmly of the opinion that there would have been little measurable expansion in the economy without such a stimulus.

All the same, the business community appears to be in two minds. There is a continuing high level of orders for cars and consumer durables and the construction industry is booming. But many companies are pessimistic about their overall prospects this year and there are continuing worries about the competitivity of exports.

Nevertheless, there are signs that the underlying rate of economic growth may be stronger than some of the more gloomy forecasts made earlier this year. After a long period in which official estimates were constantly downgraded, the Bundesbank's latest figures are now reversing the trend. After a bad first quarter, the Bank now reckons that real Gross National Product put on 1.5 per cent in the second quarter. Economic growth for the year as a whole should be "somewhat higher than assumed even recently," it said this week.

Nevertheless, few analysts are forecasting a growth rate higher than 3 per cent for the year as a whole. There is greater optimism for a slightly better outturn in 1979. Individual exporters may be feeling the pinch, but the trade balance remains in massive surplus and there is little sign of the picture changing—despite upward pressure on the D-mark. The mark has not, of course, recently risen as fast as the Yen or the Swiss Franc, but its continuing revaluation against the dollar appears to have had nothing but beneficial effects on the country's trade with the U.S. in value terms.

Trade figures, however, do not tell the whole story. Many German businessmen are increasingly worried by currency instability, and there can be little doubt that the dollar's continuing fall against the D-mark was one of the factors behind Herr Schmidt's conversion to the idea of a new European monetary system. Now that he has agreed on some of the disputed details of the system with M. Valery Giscard d'Estaing, the French president, there seem to be fewer fears in Bonn about its possible inflationary effects.

Few worries

By most country's standards, Herr Schmidt now has few economic worries. With his latest tax cut package he has fulfilled his international commitments and kept his country on what looks like a path of steady, if unspectacular, growth. Inflation is under control and unemployment, though high by German standards, has not yet become a major political problem. The forthcoming round of wage negotiations does not look likely to throw the economy off course, while the establishment of a more fixed relationship between European currencies should help to alleviate the anxieties of exporters. The performance may disappoint some of West Germany's partners, but it is quite in tune with Herr Schmidt's own economic objectives.

French steel rescue: control without nationalisation

BY DAVID CURRY in Paris

"IT IS NOT nationalisation," declared M. Rene Monory, his warning glance taking in the journalists crowded into his office in the Economic Ministry as well as the tapestries—depicting heroic battles by Roman soldiers—filling most of the walls. M. Andre Giraud, Industry Minister, nodded vigorously at his side and the assembled chorus of (young) senior members of their cabinets gazed around them in affirmation.

It was, of course, a question of definition. The French Cabinet had just decided that the State would take a direct 15 per cent stake in the three leading steel groups. Fifteen per cent—especially if accompanied by a promise not to interfere in the management of the operating subsidiaries which actually make the steel—is not by itself a controlling interest.

But if you add in the holdings to be taken by financial institutions which look to the Government as their ultimate master, then even the most charitable arithmetic comes up with a direct or indirect official stake of a good two-thirds.

The Minister's sensitivity on the subject of nationalisation was understandable enough. Eighteen months ago when the Government had drawn up its first steel rescue plan it had specifically rejected taking a stake in the steel companies. It had opted instead for an agreement to phase out old plant with the loss of some 16,200 jobs over two years.

During the election campaign of six months ago the whole Government (with M. Monory as Industry Minister), had pilloried the Left's proposals for steel nationalisation as irrelevant to the industry's problems.

What, then, in the space of 18 months has caused the Government to lapse into the old habit of intervention?

The answer comes in one word—DEBT.

For even by the time of the general election it had become apparent that the French steel industry, borrowing to sustain employment and investment in the face of mountainous losses, was on the verge of bankruptcy. The industry as a whole welcomed the new year of 1978 with medium- and long-term debt standing at FFr 38bn (£4.43bn) compared with a 1977 turnover of FFr 34bn (£4bn).

Usinor, the biggest producer (8.3m tonnes in 1977) had seen its losses reach FFr 4.5bn in three years with no better to come in 1978. Sacilor, 6.4m tonnes output last year, and like Usinor operating at two-thirds of capacity, had clocked up FFr 4.3bn of losses in the same time.

Over those same three years the whole French steel industry had suffered losses of FFr 14bn, and the industry faced the prospect of devoting more than 15 per cent of its turnover to the simple servicing of debt.

The emergency solution approved by the Cabinet—and defended by reference to the favourite Giscardian theme of the need to knock French industry into shape to face the international competition of the third millennium — has the objective of immediately reducing the burden of debt repayment to around 5 per cent of turnover. This is the figure the French say represents the burden carried by the German industry, and Germany is increasingly the yardstick by which France measures herself.

The technique, complicated in its detail but simple in its conception, is to convert the money owed to the State and to the banks into what are rather euphemistically called "participatory loans"—which in practice means loans which are pretending to be part of the capital because virtually no interest is to be paid on them for five years (in fact, 0.1 per cent a year). In theory, when the industry finally recovers its health, it can pay off the loans.

Thus, most of the FFr 9.4bn outstanding to the commercial banks (private- and State-owned) and the FFr 9bn owing to the Government will suffer this fate. A small part of each will be converted into straight capital in three new financial holding companies which will, in turn, control the industrial activities of the three groups brought into the Government's scheme: Usinor, Sacilor, and Chiers-Chatillon.

Owed to small investors

In order to safeguard the money owed to small savers—around FFr 14bn is owed by the three groups in the form of debt contracted on the fixed interest market and subscribed for mainly by small investors—a special fund is being set up, managed by the State-owned Caisse des Depots.

Finally, the FFr 3.1bn owed to the European Coal and Steel Community and the European Investment Bank, will be repaid on schedule.

The result of all this is that each of the three groups will find itself crowned with a new financial holding company with a chairman named by the creditors. The old shareholders will also have a stake in the steel-making operations by way of a second tier of holding companies, but even in this second tier the new financial concerns will hold a majority.

Such drastic action is, according to the Government, the only way of safeguarding employment in the industry, maintaining a sector which, despite all, is a consistent earner of foreign exchange, and a national strategic asset.

Deferring to its new liberalism, the Government says that the question of deciding on further reduction of manpower must be left to the new industry chiefs, not yet appointed. But it is already planning to bring unions and industry together to agree upon conditions for such reductions—and the figure of 10-20,000 further cuts in jobs is being bandied about.

If the immediate problem is that of debt, the Government has also analysed the underlying reasons for the crisis. It blames the slow-down of world economic growth since 1973, the substitution of new materials for steel, the arrival on the international market of new steel-makers, the tardiness of the EEC's response to the threat of imports, and the structural difficulties inherent in an industry whose investments take years to realise and are, by their nature, difficult to adapt to rapidly changing conditions.

The specifically French problem is the failure to recognise this quickly enough. The U.S. industry shed 80,000 jobs between 1974 and 1977, Japan closed down 18 of her 58 blast-furnaces, the UK talked of reducing employment by 40,000, Belgium and Germany both countenanced severe job loss. But France, with a more ambitious investment programme than those of her neighbours, obsessed by the measurement of strength in terms of tonnage, emerged in 1977 with a workforce virtually unchanged since the mid-1960s, bringing on stream ultra-modern capacity without gains in productivity.

All this, the French steel industry admits, is very well. But hasn't the Government forgotten something? In the pugnacious person of M. Jacques Ferry, president of the French Steelmakers Federation, the industry has explained its own version of the historical facts.

In this version the main culprit is the Government price controls which have operated since 1949. M. Ferry quotes a study by Paris-Dauphine University. This shows that from 1949 onwards the loss in profit stemming directly from price controls has been FFr 12.9bn. Add to that the "loss" resulting from Government refusal to sanction reductions in manpower and the total cost to the industry has been FFr 15.2bn. In comparison with that the subsidy element in Government loans to the industry was no more than FFr 5.6bn leaving a deficit of FFr 9.6bn—roughly equivalent to the cost of building and commissioning the new Fos steelplant near Marseilles, according to M. Ferry, or the equivalent of 40 per cent of the industry's debt on the eve of the crisis in 1974.

From 1966 to 1975 the industry undertook a colossal investment programme costing Frs 27.5bn (to which, incidentally, the Government contributed only Frs 5.5bn) but because of price controls this had to be financed very largely by borrowing.

And then came the 1974 crisis. To stay afloat in the three years to 1977 the industry added no less than Frs 14.4bn to its debt when everywhere else in Europe capacity was being reduced and jobs were being cut. During these same three years it lost Frs 14bn.

If it takes France 71 per cent of Germany's manpower to produce only 57 per cent of Germany's steel the fault lies in the constraints placed by Government on industry, M. Ferry says.

Superimpose on this the fact that prices, at the end of 1977, were 30 per cent below their level of three years earlier and wages and raw material costs 30 per cent higher, and the persistent refusal of some governments of the EEC (he means primarily Germany) to look a manifest crisis in the face and there is no need to look for scapegoats among the long-suffering managements of the country's steel industry.

Given French industry's normal subservience to Government, all this is good polemic stuff. But it would not provide any real solace to the industry even if the former prime ministers of the Fourth and Fifth Republics were to line up for a collective mea culpa in front of the statue of Colbert.

Hard-hit regions

The important question is what happens now? The industry will discuss further rationalisation which means closures. These must fall on the already hard-hit regions of Lorraine which lost 8,000 steel jobs last year and the north which lost 2,500. No doubt the conditions already applying to this job loss will be extended, meaning early retirement at the age of 56 years and 8 months at 80 per cent of salary, natural wastage and transfers. But redundancies might well bite harder because 3,000 immigrant workers have already been sent packing with Frs.10,000 each to permit redundancies of French workers to be held to around 2-2,500.

A fortnight ago the Government unveiled a special Frs.3bn fund to create employment in the regions worst hit by unemployment, but, given the relative immobility of the French worker, no one expects that new jobs can be brought to the factory gate for workers leaving steel.

On the restructuring side, agreements already seem on the cards. Chiers-Chatillon may decide not to commission an almost complete 1.1m tonnes a year steelworks at Neuves-Maisons in Lorraine in the light of Usinor's plans for a new mill at Longwy and the inability of the market to absorb output from both.

In the west of France the small company Metallurgie de Normandie (part of the Empain-Schneider Group) is discusing rationalisation of production and sales with Sacilor.

The Left, both on the National Assembly floor and the shop-floor, is still sharply divided. No effective challenge is likely to be mounted politically while the experience of the last steel rescue plan shows that the unions have difficulty sustaining agitation among workers looking over their shoulders at their jobs. The white collar unions have, in fact, welcomed the scheme as overdue. But the 24-hour strike called in Lorraine for Monday by the two main unions illistrates fears concerning job losses.

The Government is likely to breathe a sigh of relief at having finally tackled the steel dossier. Steel was, according to M. Monory, one of the three big priorities of the new Government along with the end of industrial price control and paving the way for the financial recovery of industry.

President Giscard d'Estaing, explaining the policy on Wednesday, used the phrase "winning the battle of international competition" three times within five minutes. The creation of a new monetary system in Europe was the Continent's biggest step since the creation of the EEC, he said. But in this renewed Europe "France must be strong enough to speak on equal terms to the strongest."

The steel rescue was part of the policy of taking the hard decisions necessary to make the country competitive. In the short-term the adjustment was painful. But, said the President, last week 12.5m French children went back to school after the holidays: what was at stake was creating jobs for them.

FIVE YEARS OF FRENCH STEEL

	1973	1974	1975	1976	1977
Output m tonnes	25.3	27.0	21.5	23.2	22.1
Turnover FFr bn	24.3	35.5	28.5	32.6	34.2
Cash-flow FFr bn	2.5	5.2	−2.6	−2.5	−4.1
Net profits FFr bn	0.9	2.3	−3.7	−4.0	−6.1
Medium- and long-term debt FFr bn	20.5	23.7	28.3	33.9	38.0
Manpower	151,500	157,600	155,500	153,700	142,700
Output/man in tonnes	171.8	175.0	137.3	150.0	149.0

PRODUCTIVITY COMPARED

	France	Germany	Belgium	Italy	EEC	U.S.	Japan
'74 production†	27.0	53.2	16.2	23.8	155.6	132.2	117.1
'74 average workforce*	154,600	221,500	63,000	92,600	766,000	525,000	322,900
'75 production†	21.5	40.4	11.6	21.8	125.6	105.8	102.3
'75 average workforce*	156,500	218,000	61,500	95,850	761,350	470,000	323,000
'76 production†	23.2	42.4	12.1	23.4	134.1	116.1	107.4
'76 average workforce*	154,600	211,450	58,250	97,050	742,850	469,000	320,500
'77 production†	22.1	39.0	11.3	23.3	126.1	112.9	102.4
'77 average workforce*	148,200	205,450	53,400	97,300	721,850	454,000	313,500

† Production: in millions of tonnes of crude steel.

* Average workforce: Estimated by the average of the workforce at the first and last day of the year.

MEN AND MATTERS

Stomping nearer the Savoy

Owning several newspapers has its problems—or so Victor Matthews made clear to me yesterday when I asked him about the Trafalgar sale of a 23 per cent stake in the Savoy group to Maxwell Joseph. Matthews told me that he had tried to help out the Daily Express by giving it a scoop, but added: "It has got me into trouble with the Evening Standard."

Trafalgar's 23 per cent stake only entitled it to 15 per cent of the votes and it had long failed in its attempts to take over the running of the plum hotels in the Savoy group. "We lost interest in the group a long time ago," Matthews now says.

Selling this faded passion was agreed on at a lunch in the Ritz which only underlines the camaraderie between Matthews and Joseph. Trafalgar owns the Ritz but has let its gambling operations to Joseph's Grand Metropolitan; "We charge them a fabulous rent, but they have got it far too cheap."

Every now and then Joseph for his part, puts building work in the way of Trafalgar's construction companies. They prefer to talk across a restaurant table than a desk top.

The surprise is that Joseph was generally assumed to have lost interest in further hotel expansion, but changed times clearly mean changed views. His appetite may have been whetted by the crush of visitors fighting for rooms at his present London locations. Until now his flagships have been the Britannia and Europa but now he has added the first bite of such names as Claridges, the Berkeley and the Connaught to his lesser fry.

Whether the Savoy group's indomitable Sir Hugh Wontner will encourage the same corporate amity as did Matthews remains to be seen. All the Savoy would say of the dealings in its shares was a diplomatic: "It is rather a compliment."

"We're hoping this will all blow over in weeks not months."

Down your way

During the long hot summer of 1976 fellow-Europeans were somewhat taken aback by the strange craze among French motorists for deliberately ramming each other off the road. And while the blacker side of the fad was reflected in the fatality figures, friendships were said to have been born amid the wreckage, and a number of couples, thrown together in this way, even ended up at the altar together.

In Germany a potentially more dangerous national habit is the talk of the motorways—ghost drivers. So far this year 700 cases have been reported of cars heading down the left-hand side of the autobahns, but it is likely the official figures are only the tip of the iceberg. Something like one in 10 of these ghosts is thought to have consciously chosen his precarious route, in some cases perhaps to avoid a detour. In another 17 per cent of cases alcohol played some part in the decision, and a fifth are thought by the authorities to be "in exceptional mental states."

To those on a collision course all ghost drivers, however, look the same. Radio warnings are regularly broadcast by the police with messages like "Two ghost drivers on the autobahn from Frankfurt to Cologne," and one story being retailed by petrol pump attendants is that a motorist who tuned in to such a message looked up and screamed: "Two? I can see hundreds of them."

March protests

Thirteen months have passed since the National Front march in Lewisham led to riots in which 270 policemen and 78 civilians were injured and 200 people were arrested. Yesterday a Lewisham council inquiry concluded that the police were to blame for not heeding the appeals for the NF's march to be banned. But now, despite similar calls for the banning of the march planned by the NF this Sunday, Scotland Yard tells me that it has decided not to make such a recommendation to the Home Secretary.

The NF proclaims that its march is to demonstrate "our love of freedom and our hatred of Communism." But it also states that it has deliberately chosen to march to the East End on Sunday as "The Anti-Nazi League rabble are also marching elsewhere that day—to Brixton for a 'carnival'".

Patrick Kodikara, chairman of Hackney council's commission for racial equality, describes the NF's proposed march as "extreme provocation." He chairs the so-called Hackney and Tower Hamlets Defence Committee. This represents a number of local organisations and has sent a telegram to the Home Secretary asking him to ban the march in an area where race relations have long been critical. The council is already resisting attempts by the NF to move at least part of its headquarters' operations to a warehouse in Hackney.

The police tell me that they considered a ban but have decided to let the NF march. They say they have not yet seen Lewisham council's findings. But council leader Andy Hawkins says that "it takes only one afternoon like that to destroy all the work that's been done in the past (by community relations workers)."

For the NF, Richard Verrall told me that they were marching because "Anti-communism is good per se." On the effect of the march on the troubled Brick Lane area he said "Our conduct is not based on what those who believe in a multi-racial Britain consider good: we believe repatriation is good for race relations."

He told me they expected up to 2,000 marchers but would not confirm that they planned to march to one of their strong points, Hoxton market: "the less trouble making elements who know our destination the better." Which is what the police must be hoping too, in view of the local members of the Anti-Nazi League saying that they should not be dancing in Brixton but fighting in Shoreditch.

Irittating

A survey by Report magazine which asked primary school teachers if they thought spelling was being neglected has attracted some caustic replies, I hear. Among them: "The accusation is definately to be treated with contempt." Another answer complained it was "exasparating to be critizised" on this score. Perhaps it is better to leave teachers to their own devizes.

Observer

POLITICS TODAY

City side-lights on the Conservatives

DENIS HEALEY, the [Chanc]ellor of the Exchequer, [h]as a mild joke about [Mrs. Thatche]r's popularity in the City. [Wh]ever the Callaghan [Gover]nment survives, the stock [marke]t goes up: therefore the [City p]refers a Labour Govern[ment].

[It is], of course, near total non[sense]. The City dislikes what it [calls] "uncertainty," and anyway [has] to invest its money some[where]. With the postponement [of the g]eneral election uncertainty [is red]uced—at least for a while [and t]he markets cheer up. But [when] the election comes the [City], however you define it, [will v]ote Conservative almost to [a man].

[Yet] if the City is still solidly [Tory] it is difficult to detect a [great] deal of enthusiasm. There [are c]onsiderable reservations, [for] instance, about Mrs. [Thatch]er. "She talks too much [and s]he doesn't listen . . . She [gives] us a lecture . . . She's too [shrill] . . . She shouldn't have [gone] off like that about immi[gratio]n . . . She's not interested [in con]stitutional reform." All [these] are quite frequent com[ments]. Sir Keith Joseph, about [whom] the main question is [wheth]er he will be the next Tory [Chanc]ellor, comes out even [worse], largely on the grounds [that h]e is accused of failing to [live in] the real world.

[The] doubts are not just [about] the *Conservative Party* in [its pr]esent form, they go back [over a] long period. "It started," [said o]ne said, "with Butler [rigg]ing the gilts market. [S]ince then there's been a [succes]sion of Tory socialist [measu]res." "The only real [differe]nce between the political [parties] in this country," said [someo]ne else, "is the difference [betwe]en fast socialism and slow [sociali]sm." Or again: "The real rot set in with Upper Clyde."

Upper Clyde Shipbuilders was rescued by the Government of Mr. Edward Heath, and indeed in the City's suspicions of the Tory Party Mr. Heath has a role all of his own. "I don't think," said one man slowly and with an air of profundity, "that he is a Conservative at all." "He should never have made that remark," said another, "about the face of capitalism." A publicly committed supporter of Mrs. Thatcher said: "I suppose I could have just brought myself to vote Conservative again if they still had their previous leader, but it would have hurt." Compared to Mr. Heath, Mrs. Thatcher passes the City's tests almost with flying colours.

Yet there is another reason for the City's reservations. The City has grown to like non-government. Partly it is still reacting against all the policies of the Heath period, but even more it believes that it is relatively easy to live with an economic strategy laid down by the International Monetary Fund and a Labour Government crippled by a hung Parliament. The main reservation about Mrs. Thatcher is that she might start doing too much, too fast.

There is also perhaps a deeper explanation. The City is at heart pessimistic. It is a civilised pessimism, mildly defeatist but not alarmist. It is as though so many things have been tried and have failed that expectations, even aspirations, have been lowered. A government that attempts to do nothing is seen as better than a government that tries to do something and fails to bring it off. True, the City itself is doing quite well at the moment and has more than ever become a main attraction for Oxbridge graduates, apparently on the grounds that it is thought to be the only place where you can make money. But the pessimism comes from the state of the economy in general. No one believes very much in economic miracles, or even economic cures. As for politicians, almost the best that they can do is to stop legislating.

The subjects that are not mentioned are quite as revealing as those that are. Hardly anyone refers to Europe any more—not just the European Community, which has become a mixture of a dirty word and a topic for embarrassment, but also the individual countries. The Community is dismissed, if it comes up at all, with something approaching despair: "I used to be a passionate European when it all began. But, now, well what can one say?" The love affair is over. There is no great debate about whether Britain should join the proposed European Monetary System and, if so, on what terms. Inded there is scarcely any debate at all. France and West Germany are regarded not so much as countries that play in a different league—though they do—but by different rules.

French example

French economic policy ought at present to be of some interest to Britain since part of it consists of allowing the rate of inflation to rise in the short term in the expectation that it will subsequently stabilise at a lower level. That is presumably what Mrs. Thatcher, if she becomes Prime Minister, will try to do here by the shift to indirect taxation and the return to free collective bargaining. Yet the French example is not being closely watched.

There is, however, one exception. It might be too much to say that Mr. Malcolm Fraser, the Prime Minister of Australia, is a City hero, although some admit that he is. But even among the most sceptical he stirs a flicker of interest. Mr. Fraser has done the unthinkable: he has sought to reverse long-standing economic and political trends. He has challenged the idea that politicians must always go along with the shift of power to the trade unions, and he is taking unpopular measures in an attempt to get the economy right in the long term.

Opinion is divided about how far he is succeeding. There are certainly some who believe that he is condemned to fail because the rising level of Australian unemployment and his own abrasive manner will drive him out of office. But virtuallly all agree that it is an experiment worth watching.

Yet if Mr. Fraser can try it, why can't Mrs. Thatcher? It is here that either the nerve fails or, depending on your point of view, realism takes over. The City is asking the Conservative Party not to stir things up—which, in broad terms, is the one thing that Mrs. Thatcher seems determined to do.

Obviously there are special issues on which the City feels strongly. Exchange control, which it would like to see abolished, is one of them. The level of the public sector borrowing requirement is another. There is also some evidence of a disagreement with industry over the management of the exchange rate: the City tends to believe that it should never be officially encouraged to fall because of the general effect on confidence. But, in the main, the City has only one specific demand on government, and that is for substantial cuts in direct taxation.

The City does not want to see the dismantling of the National Enterprise Board, though there are some arguments about its powers and its role. Some people would like to see it reduced to a state holding company for convalescent industry, perhaps with a time limit for the holding. Others concede that there are certain industries such as aero-engines which the City would not put money into itself, but which may have to be maintained in the national interest, and the NEB is the way to do it. Yet others are perfectly happy with the NEB as it is. But it is not a subject that comes up immediately and spontaneously in conversation; nor even is incomes policy or the future of British Leyland. The only issue that is raised repeatedly and without solicitation when you ask the question "What should a new government do?" is tax.

Cuts in direct taxation have become, as it were, the last hope for real economic improvement and for a reversal of the prevailing economic and political trends. Of course, the demand is that the cuts should start at the higher levels and should extend to investment income. There is a general view that the maximum rate on earned income should be reduced to 50 per cent in line with the United States. (The accompanying table shows not only that Britain has one of the highest top rates but also, more strikingly, that it begins to operate at one of the lowest levels.) But there are other voices in the City which want to extend the tax cuts right down the scale.

Some of the reasons for this are personal: experience with younger executives who have money problems or who leave, expanded knowledge of higher salaries abroad, or simply dealings with a gardener or handyman who declines to do odd jobs because the earnings will be lost in tax. But it has also developed into a broader philosophy: tax cuts are the last resort for British economic recovery. The theory is that the effects would spread throughout the economy and very little else would need to be done.

All that amounts to a political programme in itself. There would have to be compensating measures and there are some doubts about how far the Tories really would be able to cut public expenditure. Certainly there would have to be increases in VAT and excise duties to make up for lost revenue, and even those could be difficult for a government with only a small majority. It would probably have to go to the country again within 18 months having deliberately imposed a rise in the cost-of-living index, which is one reason why the City on the whole hopes for a Tory majority of around 50. Sir Keith Joseph's idea of introducing a parallel index which would show the real gains from the tax cuts is dismissed as evidence of his lack of realism.

In the end, however, the main fear is that Mrs. Thatcher would not be content to rest with tax-cutting. She would try to change too many other things, perhaps in the process undoing the good that tax cuts might bring. Out of its pessimism, the City no longer believes very much in political change, even in the form of a reversion to the past. In that it is probably not very different from the country at large.

Malcolm Rutherford

TAX RATES IN US, JAPAN, AUSTRALIA AND EEC COUNTRIES

(for a married couple with 1 child under 11)

	Earned Income		Investment Income	
	Maximum rate %	Income at which maximum rate starts £	Maximum rate %	Income at which maximum rate starts £
Belgium	72 (75.6)	65,975	72 (75.6)	62,800
Denmark	39.6 (63.8)	11,100	39.6 (63.8)	10,900
France	54	53,375	60	38,900
Germany	56	65,375	56	64,000
Ireland	60	8,630	60	8,580
Italy	72	374,000	72 (76)	346,000
Luxembourg	58.4	28,450	58.4	27,000
Netherlands	72	40,000	72	38,300
U.K.	83	22,821	98	22,821
U.S.	50	27,900	70	114,550
U.S. (including California State Tax)	55.5	28,050	73.3	114,550
Japan	67.5 (83.7)	204,650	75 (93)	180,150
Australia	65	19,575	65	19,575

1. *Figures in brackets include local income taxes, for Belgium, Japan and Denmark (Copenhagen residents).*
2. The income levels in the table are amounts of gross income, either all from employment or all from investments, before any allowances or reliefs. The table assumes that all investment income is fully taxable.
3. The rates and income levels apply to income of the 1977 *tax year, except for France* (1976) *and the* U.K. and Ireland (both 1977-78).
4. Exchange rates are as at November 4, 1977, except Australia: November 7, 1977.

Source: Treasury, Hansard, 16 November, 1977

Letters to the Editor

[Tr]ansport [str]ategy

[From] The Secretary, [B]ritish Transport [Us]ers' Guild

[Sir,]—The recent decision of [the De]velopment Committee of [the Lo]ndon Borough of Brent to [turn] down after months of [negot]iations between all con[cerned], including the Borough's [Plannin]g Department, the joint Rail/Kyle Stewart/Legal [and G]eneral Assurance project [for the] BR Property Board's 43-[acre si]te at Neasden is, to say [the lea]st, most disturbing. Even [more s]o is the same Council's [decisio]n to use the provisions of [the Co]mmunity Land Act to [acquire] the land compulsorily [from] the Board. This could —in the words of the letter [from] the scheme's proposed [develop]er to the Brent Council, [printed] in your issue of Septem[ber ...]—in "subsequent serious [delays] which could be measured [in year]s rather than months."

[The p]roject, which incorporated [a] freight depot, industrial [develop]ment, a Tesco super[market] and improved road [arrange]ments, was an example [of an i]maginative and construc[tive att]empt to utilise BR land [in a m]anner which would have [provide]d useful experience of [the adv]antages of an integrated [transpo]rt (road and rail) [approach].

[This] is a subject on which the [Guild, t]he smallest of the four [railway] trade unions, has been [c]oncerned since we dis[cussed o]ur ideas with the (then) [Parliam]entary Under-Secretary [...] in the period leading up [to the G]overnment's drawing up [and iss]uing its White Paper on [Transpo]rt in June 1977. We [b]elieve that schemes for [integrat]ed transport, nationalised [or pri]vately owned, must be [encourag]ed to an increasing [extent] if the interests of the [land] usage, the protection [of the e]nvironment and increased [transpo]rt efficiency are to be [properl]y served. Recent corres[pondenc]e in your columns on air/[rail an]d connections with [Heathro]w and Gatwick Airports [shows] that many of your [readers] take the same view. It [is truly] deplorable that squab[bles,] partly on party [political] grounds, between the [various] elements directly or [indirectl]y involved in the sphere [of trans]port should in so many [case]s delay or completely [stop w]orthwhile schemes solely [in orde]r to further the vested [interest]s of those elements.

[In ou]r view, the need for the [establish]ment of a high-level and representative national [body] (a National Transport [Manage]ment Committee, as dis[cussed] in the Government's [White P]aper) for the considera[tion an]d evolution of transport [policy] is still further confirmed [by such] actions as those of the Borough of Brent.

[...]gers.
[...]7,
[...]le Offices,
[...]ross Station, N1.

[Eff]iciency of [Ga]twick

[From M]r. W. P. Jaspert

[Sir,—I] was interested to read [...] vice-president of Delta [...] Mr. Tony McKinnon, is [...]d with the efficiency of [Gatwick] Airport.

[It see]ms to me that when he travels [...] is whisked away by a [chauffeu]r-driven limousine [regardle]ss of the time of day. [When] the likes of us arrive [at Gatw]ick delayed after a long transatlantic flight, we find that the train has just left and at night that means some wait.

From Heathrow a taxi to North London is affordable, but from Gatwick wild rates of up to £25-£30 are being quoted by eager hire car drivers. Gatwick may be an efficient airport, but it is a pain in the neck for people who do not live nearby.

W. P. Jaspert.
93a, Belsize Lane, NW3.

Growth, wages and profits

From Mr. G. Smith

Sir,—Your editorial on September 14 on the Bank of England's economic assessment highlighted the real problem which still has to be resolved in the UK. The only money in circulation is what can be earned from customers who buy their goods by the piece, whether in the home market or overseas. We all believe in this principle. Unfortunately employees want to be paid in relation to their time. The only link is productivity and this can best be measured by the added value approach which measures the customers valuation of employee skill, time and energy in using tools, equipment and money.

Unless this fundemental economic and behavioural truth is used and the link between capital and employee pay is balanced there will be no growth in our economy. My recently published book published for the first time, the link between profitability and employee pay in relation to added value.

It was ironical that on the 14th you should publish a letter from Mr. Alan G. Thompson saying that some industrialists think the added value approach is dead just because of a Department of Employment statement which was unidentifiable, undated and unsigned said that financial criteria could only be used if it took into account the effect of price changes. They obviously did not know that Mr. E. G. Wood's research at Sheffield Polytechnic Centre for Innovation and Productivity shows that the relationship between added value and payroll is unchanged whether at current prices or constant prices.

How silly can the D. of E. be, when the code of practice on information disclosure requires financial criteria to be disclosed for the purposes of wage bargaining.

Probably the Trade Unions are right to try for responsible free collective bargaining. It might force the real economic truths into the open. Added Value is the only source of money for wages, profits, investment, growth and thus job security.

G. Smith.
Halford House, Copse Hill Road, Lower Slaughter, Nr. Cheltenham, Gloucestershire.

Striking legal service

From: The Chairman, British Legal Association

Sir,—If the staff who are so concerned, as Mr. F. Nickson says is the case (September 20), with the backlog of land searches at Camden Borough Council actually get down to dealing with them, the concern of the 12,000 or so unfortunate people whose conveyansing/mortgage transaction are held up would be dispelled. It is small comfort to know that those who could help will not do so.

I conceded in my first letter (September 14) that Mr. Nickson, as Town Clerk, was in a different position to that of the privately practising solicitor. However, I am not willing to accept that the Camden Council, in operating land charge registers, are doing anything other than performing an essential function in the legal process of conveyancing. It is, despite what Mr. Nickson says, "a specific legal function" to use his own words. Whether the supervision of the register is entrusted to a solicitor, as in Camden, or to a non-lawyer chief executive officer in other places in no way alters the nature of the function.

The parallel which I drew was between the solicitor in private practice required by the Law Society to control his staff, and the solicitor Town Clerk who, because his staff are employed for him by the Council to whom he must look for instructions, is prevented from controlling them. This does indeed place Mr. Nickson in an unhappy and invidious position and demonstrates all too clearly the dangers involved in permitting industrial action or any form of unionisation in any office, government, local government, court or private where legal matters are dealt with. If a few typists can so easily obstruct 12,000 conveyancing/mortgage transactions, think how, just as easily, a few clerks or typists elsewhere might obstruct the trial of 12,000 civil or criminal cases. That is the issue and it ought to cause us all real concern.

S. P. Best.
29, Church Road, Tunbridge Wells, Kent.

Incentives and social security

From Mrs. Rowena Mills

Sir,—In every sector of industry and service we are constantly informed, as an apology for poor service, that "it is impossible to obtain staff." This refers to both skilled and unskilled labour. It is extremely difficult to reconcile these statements with the very high unemployment statistics, currently quoted at 1.3m persons.

Clearly there is something inherently wrong with the system and whatever Government is returned at the next election must have the courage to resolve these grave anomalies by what will undoubtedly have to be unpopular measures.

The diagnosis itself poses no problem and is quite clear cut, viz., there is so little monetary incentive under the current system for a very large proportion of potential workers to seek employment—particularly in the very lowest wage brackets, that unless they have a very real interest in, or dedication to, their work, unemployment is by no means an unsatisfactory alternative; indeed, it is often a more attractive proposition.

Apart from the overwhelming need for a reduction in levels of direct tax, there would seem to be several main areas in which rethinking is essential.

First, it is quite wrong that social security benefits should remain untaxed. The consequence is, as Ralph Howell, MP, has so clearly indicated in his excellent publication, "Why Work?" that those with three or four children and a potential wage of up to, and even above, the average annual manual wage have more money in their pockets when they are unemployed than when they are in work. Those who would throw an accusation of Right-wing extremity to the suggestion of taxed benefits should refer to the 1946 Acts establishing the Welfare State in which it was clearly stipulated that benefits must be taxed. It was only an oversight of the Attlee Government in 1949 that reversed this decision.

Second, as soon as the young leave school they are now immediately entitled to unemployment pay. Not only is this a disincentive to seek work but it also engenders the highly dangerous philosophy that the state will always provide for them and undermine the traditional ethos of self-help without which no society can maintain itself for long.

The parents of these children will have been receiving child benefits for them while they have been at school. Why therefore should these payments not be continued at that level until work is secured: i.e., at a level of around one-third of the unemployment rate.

Not only would the school leaver have a greater incentive to seek work, but would also be prepared to accept that work at a level of pay far more compatible with his or hers initially limited abilities. This would be in strong contrast to the current situation in which the acceptable minimum wage clearly has to yield a net return in excess of the untaxed benefit: representing at employer level a highly inflated wage which will ultimately be reflected throughout the whole system. Thus, were the acceptable wage lower, job opportunities offered by employers would undoubtedly be higher.

Third, of these persons unemployed there must be a very large proportion which could in practice undertake one of the 208,000 notified vacancies, whether or not such a vacancy was strictly, or even remotely, comparable with his or her previous occupation.

A possible solution would be to implement a system whereby after six months, unemployment benefits should be withdrawn if, within a reasonable radius, a vacancy existed which was within the physical or mental capability of the unemployed person (whether it be ex-manual worker, or ex-managing director) and the offer of that work refused.

Fourth, the current practice in respect of workers voluntarily leaving their jobs is that under certain circumstances unemployment pay is immediately allowable, and in all cases is payable after six weeks if no job is secured. Thus, it is quite clear that the level of unemployment statistics must be inflated to a degree by those who find it both economically and personally satisfying to pursue a system of a few weeks of work followed by a few weeks seeking work.

The easy availability of social security is proven as encouraging the prolonging of unemployment. Decisions regarding individual cases are very often in the hands of clerks in the local offices who make a personal decision as to the validity of each claim. Clearly, therefore, it is essential that such clerks should be of the highest possible calibre, and it would seem there is certainly scope for improvement here.

The causes of unemployment are many and complex and relate to all facets of the industrial and social scene. Certain are inherent within the economy; others would seem to be more easily resolved. I have set out above just a few tentative suggestions as to the way in which a new administration could reduce the level of unemployment and at the same time re-engender our former spirit of self-help and a will to work.

I'm confident that readers of the Financial Times will be able to add greatly to this list.

Rowena Mills.
West Grays, Highercombe Road, Haslemere, Surrey.

Today's Events

GENERAL

Israeli Prime Minister Mr. Menahem Begin is to meet Mr. James Callaghan, UK Prime Minister, and Dr. David Owen, the Foreign Secretary, for one hour's briefing on the Camp David talks when Mr. Begin's aircraft arrives at Heathrow from Washington on its way to Tel Aviv.

Following the meeting with Mr. Begin, Mr. Callaghan and Dr. Owen leave for Nigeria to meet President Kenneth Kaunda of Zambia.

IMF Board meets for three days in Washington.

French air traffic controllers stage another work-to-rule for an indefinite period. Although likely to affect whole of French air space, French air companies believe delays on scheduled flights will be minimal.

Clothing manufacturing workers wage agreement for 5 per cent rise comes into effect.

Local authority manual workers meet to discuss 30 per cent pay claim.

London Chamber of Commerce and Industry and British Overseas Trade Board joint trade mission leaves for eight-day visit to Libya.

OFFICIAL STATISTICS

Bricks and cement production (August). New vehicle registrations (August).

COMPANY RESULTS

Final dividend: Bluebird Confectionery Holdings. Telefusion. Interim dividend: Southampton Isle of Wight and South of England Royal Mail Steam Packet Company. Interim figures only: Bestwood.

COMPANY MEETINGS

Associated Tooling Industries, Winchester House, 100 Old Broad Street, EC, 12. British Land, Mayfair Hotel, Berkeley Street, W, 12. Denbyware, Offices of Denby Tableware, Langley Mill, Nottingham, 2.30. Hogg Robinson, Queens Room, Baltic Exchange, EC, 12.15. Unitech, Great Eastern Hotel, EC, 12.

SPORT

Golf: Hennessey Cup—Britain and Ireland v. Europe, The Belfry.

Tennis: British Hardcourts Championships, Bournemouth.

LUNCHTIME MUSIC

St. Paul's Cathedral—organ recital by Fred Tulan at 12.30. St. Stephen Walbrook—organ recital by David Kinsela at 12.30.

EXHIBITIONS

Josiah Wedgwood exhibition, Science Museum, South Kensington, SW7 (until September 24).

Portuguese Art, Royal Academy of Arts, Burlington House, Piccadilly, W1 (until October 1).

Annual Hayward Exhibition, containing works by contemporary British artists, Hayward Gallery, South Bank, SE1 (until October 8).

COMPANY NEWS

United Newspapers 28% higher as advertising revenue grows

INCLUDING INVESTMENT income down from £332,100 to £228,700 taxable profit of United Newspapers for the first half of 1978 was ahead 27.9 per cent from £2.85m to £3.65m.

Turnover rose some 22 per cent to £27.13m with most of the increase coming from advertising and newspaper sales, where revenue grew by 17.5 per cent and 11.1 per cent respectively.

Earlier in the year it was reported that for the first four months of the year the group had seen continued advertising growth, with profits up some 30 per cent. Lord Barnetson, the chairman, said then that the forward outlook was satisfactory, and he now says that trading has continued at a satisfactory level throughout the third quarter.

The result for the half year is subject to tax of £1,898,300 compared with £1,483,300 and attributable profit is shown ahead from £1,327,500 to £1,710,500.

The interim dividend is up from 6p net to 6.37747p per 25p share, and an additional 0.12253p payment is to be made for 1977. Last time an 8.08695p final was paid on pre-tax profits of £5.57m.

	Half-year 1978 £	1977 £
Turnover	27,127,800	22,184,000
Trading profit	3,421,900	2,520,500
Investment income	228,700	332,100
Profit before tax	3,650,600	2,852,600
Tax	1,898,300	1,483,300
Preference dividend	41,800	41,800
Available	1,710,500	1,327,500
Interim dividend	*446,100	411,800

*Includes additional payment for 1977.

● comment

In line with other regional publishing companies, United Newspapers' first half results have been boosted by the buoyant been boosted by the buoyant some cover price increases, and profits are 28 per cent higher. In terms of volume, classified advertising was up nearly seven per cent while display ads increased by just over half that amount. This increase is somewhat lower than Home Counties' volume gain of more than a tenth but this is probably explained by the fact that United is spread over the north of England, a less buoyant area than the south. A continuation of the current growth trend puts the company on target for around £7.2m for the ful year. At this level the the full year. At this level the tive p/e of nearly eight while the yield is almost six per cent. This compares with a historical 6.7 and 8.2 per cent respectively for Home Counties.

Harold Perry Motors upsurge to £2.2m in first six months

AS EXPECTED, profits before tax of Harold Perry Motors at £2.19m for the first half of 1978 are substantially in excess of the £1.49m achieved in the same period last year. Turnover rose sharply from £35.23m to £48.9m.

Earnings per 25p share are shown at 11.6p against an adjusted 7.7p and the interim dividend is effectively increased from 1.235p to 1.675p—last year's total amounted to equal to 2.6917p from pre-tax profits of £2.77m.

The directors are hoping that dividend controls will permit them to recommend a final for the current year increased by the same percentage as the interim now declared.

For the second half, the directors say profits to date are well above last year's figures though not to the extent achieved in the first six months.

The performance for the remainder of 1978 will depend largely on the production levels achieved by the group's suppliers since they see no sign of deterioration in customers' demand for their range of products.

Tax charge in the half year was £1.14m (£793,000) and attributable profits amounted to £1.08m compared with £698,000.

Construction of a new truck specialist dealership and parts centre at Rayleigh, Essex, was started during July. Plans are well advanced to build a truck specialist dealership and body repair operation in Milton Keynes during 1979.

Discussions are taking place with the Inland Revenue on the group's entitlement to first year allowances on leased cars which were capitalised in 1977. Until these are completed any further comment would be premature.

● comment

In common with other motor dealers Harold Perry is riding high on the back of buoyant car sales. Ford car registrations rose by just over a quarter in the first half and Perry's experience was a little better. Profits from new vehicle sales jumped by 42 per cent and with good gains from the non-vehicle sales areas, in particular leasing and contract hire, overall interim profits are 47 per cent up on sales higher by 39 per cent. Car sales are still showing impressive gains and August must have been the best month the trade has ever seen—Ford registrations rose by nearly 57 per cent to take the eight-month total up by a third. Second half prospects look very bright and the only doubt is whether there could be any labour unrest at Ford to hit production. This aside, Perry could be on target for £4m pre-tax this year and the company hopes to increase the dividend by at least a third. Even so the shares fell 7p yesterday to 130p, where the prospective p/e is nearly 6 and the yield is 4.2 per cent. At this level the shares represent reasonable value.

Wadkin tops £1m midway and sees peak for year

THE DIRECTORS of Wadkin, woodworking machinery and machine tools manufacturer, report first-half 1978 sales ahead from £9.14m to £10.73m and taxable profits up from £805,000 to £1.01m.

They state that the turnover increase in the home market more than offset the reduction in export sales and the overall profit margin improved.

The level of order intake is being maintained and they anticipate that profit for the full year will show an improvement over the record £1.78m for 1977.

The net interim dividend payment per 50p share is lifted to 2.25p (1.875p) absorbing £108,000 (£90,000)—last year's final was 3.985p.

Tax for the six months took £338,000 (£241,000) leaving net profit at £669,000 (£564,000).

Grants offered

THE COAL industry social welfare organisation is inviting applications from National Coal Board employees, their children and dependants for education grants in 1979.

The grants, administered by the Miners' Welfare National Educational Fund trustees, are to help people in the industry to pursue educational subjects not necessarily connected with mining. This year 130 grants were recommended.

HIGHLIGHTS

Profits are only 10 per cent at the half way stage at **Delta** and with demand very sluggish there seems little chance of any major improvement over the next 12 months. Lex also discusses **Davy International's** $110m bid for **McKee Corp.** and **Wm. Baird's** intervention in the proposed merger between **Dawson** and **Haggas**. Elsewhere, **Stone-Platt** has turned in first half profits below market estimates and profits for the full year are expected to be lower. **United Newspapers**, in line with the other regional papers, has produced strong half-time results with profits 28 per cent higher on the back of buoyant demand for advertising and some cover price increases. **Harold Perry** has also produced inspiring first half figures reflecting the strength of Fords and an upsurge in demand for leasing and contract hire. Interim profits at **Hall Engineering** are 25 per cent higher despite a strike which cost £½m and the troubled mini mill now seems to be on the mend. Recovery in the paint and wallcoverings market couple with the strong trend in do-it-yourself is reflected in the half time figures at **Leyland Paints** where profits are nearly 40 per cent higher.

Hall Eng. over £2m at interim stage

PROFITS BEFORE tax of Hall Engineering (Holdings) increased from £1.8m to £2.25m in the first six months of 1978 and the second half is expected to show an improvement on the corresponding period of 1977. Profit for all last year totalled £4.41m.

After tax of £1.17m (£936,000) basic earnings per share are shown as 8.73p (6.90p) and 7.78p (6.25p) diluted. Turnover for the first half amounted to £38.37m against £35.52m.

The interim dividend is raised from 2.213p to 2.4710p—last year's total was 4.4358p. The directors are also proposing an additional dividend of 0.0335p following the reduction in ACT.

● comment

Hall's pre-tax profits are a full quarter ahead on sales only 8 per cent better. The outcome would have been even brighter but for a strike at Shrewsbury which cost at least £½m. Some of the improvement reflects further progress with the steelmaking division where the troubled mini mill has added an extra shift and is almost working to full capacity. Not all the throughput, however, is being met by demand and scrap costs have risen in the first six months. A price increase of roughly 7½ per cent however will boost margins in the second half. Most of the profits increase has come from Hall and Pickles—the group claims its steel stockholding activities have done better than most competitors while the cutting and coal mining tools side is also doing well. Profits of around £5.3m look possible for the full year and a return to steady growth after the hiccup of 1975-76 seems likely. Question marks surround the now less important South African side and the level of earnings from the now profitable mini mill. At 123p the shares are on a fully taxed prospective p/e of 5.7 and a yield of 6 per cent.

ASSOCIATES DEAL

E. B. Savory Milln and Co yesterday bought 5,000 Weston Evans ordinary shares at 163p on behalf of Johnson and Firth Brown.

Marshall (Loxley) to recover

ALTHOUGH pre-tax profits of Thomas Marshall and Company (Loxley) were down from £409,000 to £369,000 for the first half of 1978 the directors say that renewed orders, mainly from abroad indicate that possibly the worst is over.

They add that certainly results for the second half will be better, and those for the full year should approach the 1977 results. In April the directors reported record pre-tax profits for 1977 of £1.06m and said it was hoped that profit realised in 1978 would be adequate, although perhaps not another record.

Sales for the six months were ahead slightly from £7.64m to £7.76m and profits was subject to tax of £74,000 (£80,000). Earnings are shown as 3.23p (3.84p) per 25p share and the interim dividend payout is increased to 1.2p (1.1p) net—last year a final of 1.386p was paid.

The departments and subsidiaries supplying the chemical and petro-chemical industries maintained a satisfactory level of activity, the directors state, and partly made up for the profit shortfall. The subsidiaries engaged in supplying the iron and steel industry felt the effect of the world-wide recession, they add, and the directors feel they have done well to make their contribution to group profit, low though it be.

Marshall manufactures fireclay refractories.

Delta Metal ahead £1.3m so far and sees increase for year

FIRST HALF 1978 sales of Delta Metal Company were ahead from £252.53m to £258.15m and taxable profits advanced by £1.31m to £14.72m. Profit for all of 1977 was £26.7m.

After tax of £7.29m against £6.09m earnings are shown as 4.3p (4.4p) per 25p share and the interim dividend is unchanged at 1.82p net—last year's final payment was 3.1983p.

UK pre-interest profits were up by £1.5m with small increases in the UK demand for most products contributing to these results. But, the export market was more difficult, the directors add, compared with last year.

Overseas pre-interest profits fell by £1m due to worse results from Brazil and Europe, and to currency movements. However, overall results were helped by lower interest.

UK profits were significantly affected by a strike in a major subsidiary, which was settled in July.

The directors state that the the growth of the UK economy during the first half of 1978 was much slower than expected and like many engineering companies, Delta is working well below maximum capacity in most areas.

There has been only a small improvement in the sales of semi-manufactured products and components, but sales of finished products such as taps and electrical accessories have increased.

The directors expect these conditions to persist for the remainder of the year with continuing opportunities in export markets, which they are well placed to exploit, even though competition is increasing.

Overseas results for the second half are unlikely to differ substantially from those of the first half.

Lord Caldecote, chairman of Delta Metals.

If the group can avoid interruptions to production the directors anticipate that profits for the second half will compare favourably with those in 1977 and that overall, 1978 profits will be higher than in 1977.

Pre-tax figure included associates share, £1.69m compared with £2.06m last time and was struck after interest £4.45m (£5.28m) and depreciation £(5.14m).

After minorities (£1.38m), profit came out at £6.19m (£5.99m) before the ... account, profits from this ... were £0.28m compared ... £0.34m loss and were subject ... tax of £0.13m against a credit ... time, of £0.28m.

See Lex

BBK making strong headway

FOR THE six months to June 24, 1978, Brown Boveri Kent, the holding company of the George Kent industrial instrument group, reports taxable profits ahead from £2.93m to £3.56m, on turnover of £39.84m against £33.88m.

The directors report that the policies being followed will provide some further increase in the second half—of last year's £6.31m record, £3.38m accrued in the latter six months.

Stated half-yearly earnings rose from an adjusted 2.81p to 3.32p per 25p share and on capital increased by the April rights issue, the interim dividend is stepped up to 1p (0.76p) net—as indicated at the time of the issue, the directors expect to recommend a final of 1.2p (1p).

The six months' result was after reduced interest charges of £594,000 against £692,000. Net profits jumped £1m to £2.05m after a tax charge of £1.61m (£1.24m), and minorities of £374,000 (£395,000), but including a £476,000 extraordinary credit compared with a £227,000 debit last time.

The company is 54.5 per cent owned by Brown Boveri and Co. of Switzerland, and the National Enterprise Board holds 17.6 per cent of shares.

● comment

Brown Boveri Kent's half-year figures showing taxable profits 22 per cent higher on a sales increase of 18 per cent may not look inspiring but against the depressed state of world demand for instruments the figures represent a fair achievement. BBK relies on demand from the ... plant industries and now ... ment in the developed countries ... fairly slack. Therefore, ... having to turn its attention ... developing countries ... activity is that much higher ... more competitive, which ... putting some pressure on ... Even so, the drop in ... margins at the half-way ... very small. BBK is managing ... pick up an increasing share ... what business is available ... second half could produce ... profits no less than those ... first. On average capital ... points to a p/e of 9.6 and ... while the forecast dividend ... a yield of 5.5 per cent ... level the shares are fairly ...

Second half upsurge boosts Lister

A SECOND half upsurge in taxable profits from £183,000 to £1,068,000 left Lister and Co., textile manufacturer, with £1,426,000 for the full March 31, 1978, year compared with a £480,000 loss last time.

At the interim stage the directors reported a turnround from a £665,000 loss to a £358,000 profit and said that as a result of reorganisation the company was beginning to see improved trading results and that the trend appeared to be continuing.

Against a final, and single, payment of 0.1p last year, the directors announce a 1p net dividend for the year.

Net profit came out at £1,248,000 against £530,000 loss after tax of £178,000 (£50,000), and was subject to an extraordinary debit of £595,000 (£132,000) and minorities £5,000 (same).

	1977-78 £000	1976-77 £000
Turnover	35,992	32,353
Trading profit	2,954	1,119
Pre-tax profit	1,426	†480
Tax	178	50
Net profit	1,248	†530
Extraord. debit	595	132
Minorities	5	5

† Loss.

auditors' remuneration £4,100 (£3,330).

J. Hoyle £103,000 turnround

Joseph Hoyle and Son, spinning and manufacturing subsidiary of Lister and Co., reports a turnover of £3.24m for the March 31, 1978, year against £3.48m and taxable profits of £59,064 compared with a £43,977 loss last time.

At the six months stage the directors reported a turnround from a £39,830 loss to a £7,873 profit.

After tax for the year of £1,803 (£2,042) earnings are shown as 6.72p per 25p share compared with a 6.19p loss. After an extraordinary debit for the period of £112,634 and preference dividends, there was a deficit for the year of £58,873 against £49,519.

Pre-tax figure included profit on sales and disposal of fixed assets £2,802 (£1,640) and was struck after depreciation £38,263 (£36,304), directors' remuneration £29,685 (£24,965), interest £40,412 (£12,435), group management and finance charges £130,204 (nil), and

Wilkinson Warburton upturn

WITH HIGHER sales and profits in the first half, the directors of Wilkinson Warburton say current sales and forward bookings are at a sufficiently high level to indicate a very satisfactory result for 1978.

From sales of £8.30m against £7.77m, profits in the first half rose from £164,709 to £418,846 before tax of £223,600 against £91,800.

Earnings per share are shown at 7.91p against 2.86p and the interim dividend is 1.76p compared with 1.6p. In 1977 the total amounted to 5.113p when pre-tax profits were £646,000.

First half interest charge was £68,526 (£125,234) and depreciation £59,704 (£47,162). The group distributes textiles and carpets.

Halftime rise for City Hotels

FROM TURNOVER up £448,000 to £3.36m taxable profit of City Hotels Group advanced from £430,000 to £614,000 in the 26 weeks ended July 2, 1978. Directors say the current trading position is encouraging.

As forecast in April the interim dividend on the scrip issue increased capital is 1.32p. Last year's adjusted interim was 1.056p and an adjusted 2.112p final was paid on total profits of £1.07m. Directors have waived dividend entitlements totalling £21,598.

After tax of £354,000 (£242,000) net profit came out at £260,000 (£188,000). There were extraordinary credits this time of £37,000 and retained profit came out at £269,000 (£170,000).

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Bentalls	int.	0.3	Nov. 3	—	—	1.18
Brown Boveri	int.	1†	Dec. 15	0.76	—	1.76
Chers'n'se (FMS) Ests.	int.	0.4	Nov. 22	0.38*	—	1.38*
City Hotels	int.	1.32	Nov. 27	1.06*	—	3.17
Delta Metal	int.	1.82	Jan. 2	1.82	—	5.02
Dowding and Mills		0.66	Nov. 6	0.38	1.2	1.08
Gresham House	int.	1.4	—	1.4	—	3
Hall Engng.	int.	2.47	Nov. 3	2.21	—	4.43§
Leyland Paint	int.	2	Dec. 1	1¶	—	4.63¶
Lister		1	Jan. 16	0.1	1	0.1
London & Holyrood	int.	1.25	Nov. 17	1.1	—	3.6
London & Provincial	int.	1.25	Nov. 17	1.1	—	3.6
Hugh Mackay	int.	1.4	Nov. 17	1.4	—	3.25
Thos M'rsh'll (Loxley)	int.	1.2	Nov. 1	1.1	—	2.49
Nolton		1.73	Nov. 20	1.73	2	2
Harold Perry	int.	1.68	—	1.24*	—	2.69*
Ransomes Sims	int.	3‖	—	2.5	—	8.63**
Reabrook Trust		0.67	—	0.67	1.23	1.05
Stag Furniture	int.	2.3	Nov. 24	2	—	4.8
Stone-Platt	int.	2.73‡	Nov. 24	2.28	—	3.61
Francis Sumner	int.	0.5	Nov. 13	0.45*	—	0.71*
United Newspapers	int.	6.38	Nov. 10	6	—	14.21††
Wadkin	int.	2.25	Nov. 1	1.88	—	5.86
James Wilkes	int.	1.5	Oct. 27	1.39	—	3.75
Wilkinson Warb'rt'n	int.	1.76	Oct. 30	1.6	—	5.11
Wian Industries	int.	1.34	Nov. 10	1.19	—	2.65

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Includes additional 0.02015p for 1977. § Additional 0.0335p for 1977. ¶ For 15 months. ‖ To reduce disparity. ** Includes additional 0.9p now payable. †† Includes additional 0.12253p now payable.

tone-Platt trimmed £1.7m to 4.3m in first six months

OREWARNED at the last
meeting, pre-tax profits of Platt Industries for the first onths of 1978 were lower n the same period of 1977, reduction from £6.04m to
Sales were marginally at £89m against £86.15m, lume in real terms declined er cent.

he April AGM, the directors hat trading had been slow the first months of the t year and a lot would on total shipments that up was able to make during ond half.

likely effect on profits be a disappointing first half rofits lower than that of ut hopefully this should be sated by a better second ey stated.

directors now report that trade in many of the products remains sluggish main overseas markets are owing few signs of early y from their present low

and profits in the der of the year largely on the level of year-end nts, which in turn depend y cases on buyers' instruc- The present rapidly fluctu- dollar/sterling exchange ll also have a significant " they add.

hese circumstances it is ible to make firm predic- hey say, but it is unlikely ofit for the full year will the level of 1977, when t was achieved.

period of world-wide re- , margins have been under rable pressure and in n, the shipment of a num- f export contracts was by customers until the half-year.

ges in exchange rates December 31, 1977, and 1978, increased sales and profits of group overseas ies expressed in sterling m and £0.09m respectively. rts from the UK totalled £35m which represented 85 per cent of the output of the UK plants. Unexecuted orders at June 30, 1978, increased by £18.5m to £151.6m compared with the end of 1977. In spite of an increase in working capital, financial resources remain adequate for the group's requirements, the directors add.

The first half pre-tax result was struck after interest charges of £1.41m (£1.51m). Tax takes £1.95m (£2.63m) and after minority profits of £76,000 (£52,000 losses) and preference dividends, attributable earnings dropped from £3.41m to £2.24m.

Earnings per 25p share are shown as 10.4p (15p) pre-tax and 5.5p (8.5p) after tax. The net interim dividend is lifted from 2.28356p to 2.73531p, which includes an additional 0.02015p for 1977 on ACT reduction—last year's final was 1.32p.

In 1977, consolidated accounts included the accounts of two U.S. subsidiaries, whose inventories were valued on the "last in first out" method. The U.S. Internal Revenue Service has recently ruled that it is no longer necessary to consolidate these subsidiaries on this basis. Therefore, the 1978 first half results include these two subsidiaries on a "first in first out" basis, and the 1977 comparatives have been restated on the same basis.

The group is exercising its option to increase its shareholding in Ferguson Propeller and Reconditioning, New Jersey, U.S., to 75 per cent by purchasing a further 25 per cent of the equity with effect from July 1, 1978. The book value of that subsidiary's net assets is £1.54m.

The group has also acquired the outstanding shares of Kent Automotive Castings whose net assets amount to £143,000, which now becomes a wholly owned subsidiary. Both companies are trading satisfactorily and Ferguson will be consolidated as a subsidiary from the beginning of the second half-year, the directors state.

Capital investment in new plant and equipment continues at a high level. In the UK, substantial investment has been authorised for new melting facilities at the Bolton foundry, for plant and equipment or the pump division, for the modernisation of the Greenwich site and for new machine tools at Scragg's Oldham plant.

Overseas, a stainless steel foundry is being installed at Columbian Bronze, New York, and building extensions are being completed at Helistone, Brazil, Hayward Tyler Pump Company, Vermont and Melotte, Holland.

● comment

Stone-Platt's first half figures are below market expectations but what really upset the share price yesterday was the company's forecast of lower profits for the year as a whole. Profit recovery depends very largely on when the world recession in textile machinery, which accounts for half Stone-Platt's sales, comes to an end, and although the company believes there may be an upturn over the next 12 months there is no real sign of much improvement at present. Margins should improve in the second half and into 1979 from the very low levels of the first half in the textile machinery and propeller businesses, but the most Stone-Platt may be able to hope for this year is a pre-tax profit of £12m to £12½m, an estimate that could easily be distorted by exchange rate movements and export shipment dates. The profit figures should show some small benefit this year from the consolidation of Barrie-Wehmiller and (in the second half) of Ferguson Propeller, as well as from the 1977 closures of two loss-making businesses in France and Australia. The shares fell 5p to 108p where they yield 5.7 per cent, covered more than four times, on a prospective p/e of 6.2 assuming a 45 per cent tax charge.

Wm. Baird advances to over £5m halfway

FROM REVENUE of £54.83m against £48.66m, pre-tax profits of William Baird and Co., the industrial holding and investment group, advanced from £3.78m to £5.12m for the first half of 1978.

Last year, a peak £8.25m profit was achieved, and net dividends totalling 9.28219p per share paid.

The half year's profits were struck after administration expenses amounting to £172,000 against £154,000 and interest charges down £210,000 to £484,000.

Tax takes £1.81m (£1.6m) and after minority profits of £2,000 against £9,000 losses last time, attributable earnings expanded from £2.18m to £3.31m.

The directors state that consumer demand continues to be strong and this should increasingly work back through the industry.

Net asset value at the half year is shown at approximately 185p per £1 share.

F. Sumner £0.4m at midway

PROFITS BEFORE tax of Francis Sumner (Holdings) amounted to £404,893 in the half year ended June 30, 1978, compared with £537,147 in the same period last year—the 1977 first half included £149,664 contribution from companies since sold.

The interim results represent a slightly better trading performance than expected at the beginning of the year, says Mr. M. Maimann, the chairman.

The order position in some operating companies is higher now than at the start of the year and the group as a whole is trading at a similar level as at the end of June.

Earnings per share are shown at 1p (0.94p) and the interim dividend is effectively lifted from 0.45p to 0.5p per share—last year's total was equal to 0.709p from pre-tax profits of £780,553.

The group's subsidiaries trade in textiles, engineering, plastics and offshore engineering services.

	Six months 1978 £	1977 £
External sales:		
Continuing activities ...	7,813,142	7,453,599
Companies sold ...	—	2,746,035
Profit before tax:		
Continuing activities ...	404,893	387,453
Companies sold ...	—	149,664
Tax ...	135,900	225,660
Net profit ...	268,593	252,147
Minorities ...	1,149	1,149
Extraord. credits ...	—	850,980
Attributable ...	268,744	560,995

eyland Paint £0.3m. ahead £1.15m. for the halfyear

X profits of Leyland Paint allpaper rose from £0.83m m for the first six months on a 29.5 per cent increase over to £15.08m.

directors state that current continues to be satis- and they are confident e full year's result will e favourably with the pre- 12 months. For the 15 ended December 31, 1977, ofit was £1.73m.

over was split as to UK (£9.35m) and overseas (£2.3m). The directors t retail division sales con- at a high level, and there n a sustained increase in and home credit sales.

g the period most of the convertible loan stock converted, considerably ening the group's balance basic earnings were diluted (8p) per 25p share, and luted they were 7p against

nterim dividend is 2p (1p) total of 4.628118p for the er 31, 1977, 15 months g a 2.3p second interim 328118p final payment. present indications the s anticipate that they will to take advantage of the gislation on the distribu- profits when the final is considered.

valuation of freehold and sehold properties shows a of £1.13m which has been o capital reserves.

he first time, in accord- th new accountancy prac- ne £40,000 depreciation has barged on freehold and d buildings.

	Six months 1978 £000	1977 £000
	15,077	11,647
	11,827	9,353
s	3,450	2,295
rofit	1,318	1,038
ayable	169	231
fore tax	1,148	[illegible]
	593	406
debit	[illegible]	7
	372	388

...ovision for loss of profits on ...of property, net of tax.

per cent with margins more than 2½ points higher than the previous six months. Volume sales in both paint and wallpaper have increased by up to a quarter which suggests that the company is increasing its share of the highly competitive domestic market at the expense of the brand leaders. In the UK, credit sales were particularly buoyant while exports—50 per cent higher—benefited from strong demand for wallpaper in Continental Europe. While new building activity is still very flat, there should be adequate maintenance and DIY business to sustain the trend over the next six months. The shares are on a prospective yield of 8.3 per cent at 94p.

nment

e wallcovering and paint showing only the first f recovery in five years, Paint has turned in an t set of results. First- ofits have jumped by 39

First half upturn at Gresham House

Despite reporting pre-tax profits more than doubled from £98,000 to £211,000 for the first half of 1978, the directors of Gresham House Estate Co. repeat their earlier forecast that the full-year figure is not expected to be higher than last year's £433,000.

Half year profits, which do not take into account associates' results, were before tax of £95,000 (£39,000) and £1,000 minority profits, against £6,000 losses last time.

The interim dividend is maintained at 1.4p net per 25p share—for 1977, payments totalled 3p.

Rise at Metal Products—arrears paid

Preference dividend arrears have been paid at Metal Products (Cork) following a 31 per cent rise in pre-tax profit from £95,019 to £124,158 in the March 31, 1978, year. At halftime profits were ahead £9,000 to £37,000.

The preference payment of £16,560 covers the period from July, 1975, to July, 1978, and with the £27,590 extraordinary loss which relates mainly to terminal losses associated with its Murcopak project, it leaves the retained profit at £80,008 against £95,019 last time. Again there is no tax, and ordinary dividend payments will not be made. The last payment was a 2.5p final for a 3.75p net per 25p share total in 1973-74.

Turnover for the period was down 3 per cent at £4.52m, while margins grew from 2.03 per cent to 2.74 per cent. Interest charges fell from £166,286 to £129,379 as a result of reduced borrowings.

Mr. Clayton Love, Jnr., the chairman, says the group has considerably strengthened as a result of the improvement in the financial position. The period of consolidation continues and the group must persevere with its efforts and rebuild carefully, he adds.

He says accounts will show borrowings down from £1.1m to £0.8m., representing 65 per cent of shareholders' funds compared with 95 per cent last year.

In the two years before returning to profit in 1976-77 the group ran up losses totalling £574,000.

Mr. Love says the lower turnover and trading profit figures reflect the disposal of the Murcopak project.

Earnings per share are shown ahead from 2.73p to 3.61p.

1977-78 1976-77

Bradwall Rubber down so far

With the average realised rubber price in the first seven months of 1978 down from 45.99p per kilo to 44.31p, estimated pre-tax profit at Bradwall (FMS) Rubber Estate fell from £276,000 to £241,000.

Directors say the price of rubber is now higher than in the opening period, so there should be an improvement in the agricultural profit for the remainder of the year.

The crop for the seven months was 1,438,256 kg compared with 1,435,181 last time.

For all 1977, Bradwall's profit was a record £584,000 and a 17p net per 10p share dividend was paid.

Outlook at James Austin Steel

Trading so far this year in the steel division of James Austin Steel Holdings has been satisfactory even though demand remains at a low level, Mr. E. G. Firth, the chairman, says in his annual statement.

He says the efforts by the EEC Steel Commission to promote price stability and the restrictions on imports to Common Market members now seem to be producing more stable prices in Europe.

In the engineering division, the group has started the first half-year with a full order book following an improvement in the availability of work in the latter part of 1977-78. All the work was, however, obtained at very competitive prices.

The demand for structural steelwork also continues to be less than adequate to meet the full capacity within the industry and Mr. Firth cannot, therefore, forecast an improved outcome for this division in the current year.

As previously reported taxable profit for the March 31, 1978 year was down from £837,908 to £768,504, with the engineering division again making only a modest profit contribution, while on the steel side home market margins remained intensely competitive. With exports, volume was down but margins improved to partly outweigh the turnover decrease.

Group properties were revalued at £682,500 on March 31, 1978 and this compares with a book value of £285,330. At balance date net fixed assets totalled £521,360 (£494,914) and net current assets were up from £3.41m to £3.69m.

Meeting, Ossett, West Yorkshire, October 16 at noon.

entalls well up in first half

ES, excluding VAT, up by cent from £14.92m to pre-tax profits of departmental store con- re well ahead for the half July 29, 1978, from £0.61m n.

directors anticipate a ory result for the year as —for the 1977-78 year a 2.69m was achieved.

irectors state that turn- ce August 1 has been han for the correspond- ts last year, but the rate ase has recently slowed 11 per cent.

omparison excludes any the newly acquired store Bates, in Chatham, Kent, onsiderable development place which the directors dent will be to the bene- oth the company and its s.

is is well able to meet enditure, they add, and advantage of any further ies for expansion that hemselves.

	Half-year 1978 £000	1977 £000
	19,143	15,996
	1,290	1,674
	17,851	14,922
re tax	1,122	605
	593	312
	530	293
dividends	2	2
ividend	123	—

tax of £0.58m against nd preference dividends, ofit attributable came out n (£0.29m) giving earn- 3p (0.71p) per 10p share. pany has entered the dividend list with a pay- 0.3p net, costing £0.13m ar's single dividend was

d Bates was bought on , 1978, for £238,560. Some nt of this was settled by e of 319,908 shares, the £113,736, being paid in same time the lease of the adjoining premises was purchased so that the two buildings can be combined to form an enlarged department store of about 35,000 sq ft of selling space.

The first half had shown a recovery from a net deficit of £82,860 to profits of £55,133 and the directors were confident this trend would continue during the second six months.

The year's profit is after all charges including a tax charge of £22,807 against a £2,097 credit.

Earnings per 25p share are shown at 4.62p (0.42p loss) and the dividend total is an unchanged 3p with a maintained final of 1.73p.

Excluded from the revenue figures is a capital profit of £59,503 after tax, on the sale of investment properties.

Improvement at Nolton

Turnover of Nolton improved from £2.19m to £3.55m in the year ended April 30, 1978, and there was a net profit of £120,800 compared with losses of £11,585 in the previous year.

Best & May anticipates a satisfactory year

The investment in middle management by Best and May will generate additional sales in the UK and provided there is no general decline in the home trade, Mr. W. Best, the chairman, anticipates the current year will produce satisfactory results.

The current year should also see some of the benefits from the acquisition of Kent Electrical Wholesale, says the chairman.

Exports are expected to make a better contribution to profits this year and several substantial export contracts are in hand.

For the year ended April 30, 1978, profits before tax were £308,651 against £247,778 from turnover of £5.44m (£3.47m). Net profits were £181,818 compared with £169,735.

On a CCA basis, the cost of sales adjustment would have reduced net profit by £31,088; an additional depreciation charge would reduce net profits by £7,134 while the gain in purchasing power over the year would increase net profit by £220.

During the year, home trade demand showed signs of improvement but was not buoyant and exports tended to fluctuate, says Mr. Best. Prices remained relatively stable but it was necessary to increase stocks in all locations mainly due to the turnover increase.

The property at Maidstone acquired with Kent Wholesale was sold during the year for £40,000 which was the same as its cost to the group.

Imperial Tobacco Company Pension Trust holds 300,000 ordinary shares in the group, Lygon Securities, 397,500 and a trust created some time ago by Mr. Best, in which he has no beneficial interest, holds 400,000 ordinary.

Meeting, Waldorf Hotel, WC, October 5 at 12.30 pm.

Hugh Mackay profits ahead in first half

Hugh Mackay and Co., maker of "Durham" carpets, reports pre-tax profits up from £197,000 to £218,000 in the first half of 1978 from turnover of £4.09m against £3.92m.

Profit comprises £193,000 (£137,000) from trading and £25,000 (£60,000) from investments. Tax charge is £118,000 (£97,000) leaving net profits at an unchanged £100,000.

The interim dividend is maintained at 1.4p per 25p share again absorbing £69,254—the total payment last year was 3.25p from pre-tax profits of £259,000.

Midterm rise for Investing in Success

After expenses and interest totalling £330,621 compared with £181,317 last time, pre-tax rofit of "Investing in Success" Equities advanced from £197,908 to £217,038 in the July 31, 1978 six months.

Gross revenue for the period was £447,659 compared with £329,425. After tax of £60,499 (£37,666) net profit was £156,539 against £140,242 last time.

As previously announced the interim dividend is up from 0.792p to 0.9045p net per 25p share. Last year a 2.112p final was paid on total pre-tax profits of £249,000.

BIDS AND DEALS

Rockware makes £4.6m. offer for Alida Packaging

Rockware which just over four months ago was ordered by the Monopolies Commission not to proceed with its offer for Redfearn National Glass yesterday announced a £4.6m agreed cash *bid for Alida Packaging.*

This is the group's first takeover move since the findings of the Monopolies Commission and Mr. John Craigie, Rockware chairman, said last night that the group's expansion plans had been placed in mothballs for a year while the Commission had studied the Redfearn situation.

He said: "We have made no secret of our desire to expand our packaging interests and Alida fits very neatly into our plans."

Alida manufactures largely polythene bags and flexible wrappings and also has interests in plastic waste reclamation, while Rockware manufactures glass and solid state plastic containers.

Rockware is bidding 145p for each Alida share with an equivalent loan stock alternative. Alida's major shareholder Drayton Montagu Portfolio Management controlling a near 22 per cent stake has already agreed to accept the offer.

Directors of Alida, controlling a further 5.4 per cent interest have also agreed to accept and are recommending other shareholders to take up the offer. Alida's merchant bank advisers Singer and Friedlander also support the terms.

The company is forecasting pre-tax profits for the six months ending September 30, 1978, of £215,000 compared with £337,000 earned in the same period last year.

The offer price of 145p compares with Alida's suspension price of 108p at the end of last week. Rockware has been advised by Kleinwort Benson.

COMBEN SHARES SOLD ON

The Comben shares which were taken by the underwriters in the course of Comben's cash bid for Orme Developments were sold on at a marginal profit yesterday. Comben shares closed at 31p, down 1p after earlier falling to 30p.

Saint Piran will announce today whether it is going to accept the Comben cash and shares offer now that the Comben bid has gone unconditional. Saint Piran is expected to accept. The Board of Orme will also decide whether to recommend shareholders generally to accept the cash and shares offer.

HUBER HAS 68% OF AMERICAN ASSOCIATION

J. M. Huber Corporation of the U.S. which is bidding £6.4m for the London quoted American Association has now received acceptances representing almost *68 per cent of AA's shares, according* to an offer document sent to shareholders yesterday.

The bulk of these shares were held by family interests of Mr. M. C. C. Armitage. The U.S. group is bidding $6.53 a share which compares with recent valuation of the fixed assets which estimated the company's worth at around $8.14 a share.

American Association owns 68,000 acres in Tennessee and Kentucky for which it controls the mineral rights.

The company says that the valuation did not take into account any capital gains charge which would be liable if the assets were realised or the current earnings potential. *Mr. J. W. Clement* chairman said he did not expect profits in the next few years "to *increase* sufficiently to show a realistic return on the offer price."

The directors of American Association and the company's merchant bank advisors County Bank are advising shareholders to accept the offer.

NO PROBE

Secretary of State for prices and consumer protection has decided not to refer the following proposed merger to the Monopolies Commission: St. Piran a substantial minority shareholding in Orme Developments. Comben Group/Orme Developments.

Change Wares statement on rights issue

A statement has been issued by the board of Change Wares to clarify any misunderstandings which may have arisen as a result of press comment on the circular issued on September 9.

The additional capital to be raised by the proposed rights issue will be used to provide additional working capital and will also enable the Change Wares Group to continue to take advantage of opportunities to expand and develop its business by internal growth and acquisition.

Although discussions are continuing with a view to increasing Change Wares' association with Bastian-Blessing Co. Inc., it has not been proposed that such association would involve Change Wares acquiring a majority interest in Bastian-Blessing.

Any proposals which are formulated in due course for Change Wares to take any interest in Bastian-Blessing will be laid before shareholders for consideration and approval in accordance with the requirements of the Stock Exchange.

It is not, however, proposed that the capital to be raised by the rights issue should be reserved for this or any other specific transaction.

Furthermore no formal proposals have been made and no plans have been formulated for the merger of Change Wares with any other UK listed company in which any directors of Change Wares are interested.

BMCT stands firm against JFB

BIRMINGHAM AND Midland Counties Trust, the master company of Mr. Graham Ferguson Lacey and his associate Mr. Cecil McBride, is maintaining its opposition to Johnson Firth Brown's bid for Weston Evans.

BMCT controls a 42.5 per cent stake in Weston, the Lancashire-based engineering concern, and says that it will not accept JFB's offer worth 164p a share—even if the steel group gets sufficient acceptances to declare the offer unconditional.

BMCT is itself bidding for *Weston in a deal valuing the* company at £6.7m. This compares with JFB's offer worth £8.3m. Mr. Lacey's company was required to make a full offer—under City Takeover Panel rules—after it increased its stake in Weston from 29.9 per cent to its current level.

Mr. Lacey and Mr. McBride, who are also directors of Weston, say that JFB's bid is too low.

Meanwhile JFB, which last week extended its offer for a further fortnight after receiving acceptances representing 47.2 per cent of Weston has appealed to small shareholders who have not so far accepted its terms to do so.

A letter sent to shareholders yesterday from JFB's merchant bank advisors Lazard Brothers, said: "Every acceptance, for however small a number of shares, is critical."

PROVINCIAL STOCKBROKING MERGER

The West Country stockbroking firm, Stock and Co., is to merge with Birmingham stockbrokers, George and William Beech.

The joint company, to be known as Stock Beech and Co., will be one of the largest provincial broking firms in the country with 19 partners.

Commenting on the merger, Mr. Tim Stock, senior partner of Stock and Co., said yesterday, "The merger will provide Stock and Co. with a valuable introduction to the Birmingham market and will also give George and William Beech direct access to the London floor, together with expanded research facilities."

Stock and Co., based in Bristol, has substantial private client and institutional business. The firm has also built up a sizeable re- which will now be available to which will now be available to the new company.

George and William Beech, with six partners, founded in Birmingham in 1864, is strongest on private client business.

Mr. Stock said that the greater size of the combined firm would be economical under the talisman system of settlements.

ELECTROLUX FORMS NEW HOLDING GROUP

Electrolux Associated Companies has been set up to act as a holding company for all Electrolux Group companies operating in the UK, with the exception of Electrolux Ltd., the domestic appliance concern.

Issued capital of the new company is in excess of £5m. The companies coming into the new group are: Electrolux (Commercial Equipment); Euroclean; Facit-Addo; Flymo; Husqvarna; J. T. Lowe (Longham); the Sterilizing Equipment Company and Swedish Royal Refrigeration.

The board will be identical with that of Electrolux Ltd. Sir Alex Page will be chairman and Mr. John Redman, managing director.

Turnover of the new company is expected to exceed £80m in 1978. With a projected turnover for Electrolux Ltd. of £90m, the operations of the Electrolux group in the UK should reach a turnover of £120m in 1978.

SHARE STAKES

St. Andrews Trust—Standard Life Associated Co. and Standard Life Pension Funds hold total of 625,104 (5.5 per cent) Ordinary shares.

Scottish Heritable Trust—Mr. M. Green has intimated his intention on behalf of himself and his family to acquire from Mr. A. *Cochrane Duncan 600,000 Ordin*ary shares in the company. This concludes the option agreement entered into on August 25, 1976. Subsequent to this transaction Mr. Duncan holds 1,389,917 shares (23 per cent).

Drake and Scull Holdings—Mr. C. A. A. A. Malavez, director, sold 475,000 Ordinary shares in which he has indirect interest at average price of 32p.

Bodycote International—Mr. J. D. Dwek, chairman and managing director, has disposed of 60,000 Ordinary shares (part of his beneficial holding). Mr. Dwek's beneficial holding now amounts to *1,797,218 shares (22.7 per cent).*

Desoutter Brothers (Holdings)—R. C. Desoutter, director, has sold 20,668 ordinary shares, M. J. Barnard, director, has sold 17,400 shares and R. Fogg, director, has sold 16,724 shares.

Ailsa Investment Trust—Following the purchase of 69,500 ordinary shares Cornhill Insurance Co. now *holds* 896,000 shares (13.07 per cent).

Finlas Holdings — Henderson *High Income Trust now holds* 70,000 ordinary shares (5.78 per cent).

F. Austin (Leyton)—Mr. John A. Austin, joint *managing* director, has acquired 31,450 ordinary shares, bringing his total holding to 205,974 shares (approx. 1.71 per cent).

Camford Engineering — The National Coal Board Staff Superannuation and Pension Funds has purchased a further 500,000 ordinary shares and is now interested in 1m ordinary shares beneficially.

British Printing Corporation—Mr. E. R. H. Harvey, a director, has disposed of 34,500 ordinary shares and 10,350 "rights" to subscribe for new ordinary shares provisionally allotted to him

REST OF OFFSHOOT

Whitecroft, textile, engineering and construction group has acquired the remaining 25 per cent of its Z and W Wade construction subsidiary for a total cost of around £387,000.

Of this, £542,000 is to be paid in cash with the remainder satisfied by the issue of Whitecroft shares.

THORN ELECTRICAL

A million shares in Thorn Electrical changed hands at around 381p *apiece yesterday.* All were placed with a number of institutions and were thought to come from the interests of a non-UK resident.

Ransome Sims ahead £0.25m at half time

WITH SALES for the half-year to July 1, 1978 ahead from £14.53m to £17.28m taxable profit of Ransomes Sims and Jefferies, machinery maker, rose from £1.02m to £1.27m.

Net profit came out at £1.01m (£733,000) after tax of £260,000 (£284,000), and there were extraordinary debits of £60,000 (nil).

Earnings per share are shown at 17.4p against 13.4p last time, and to reduce disparity the interim dividend is raised from 2.5p to 3p. An additional 0.09p net per £1 share is also to be paid for 1977 when a 6.084p final was paid.

Directors say prediction of the year's results is difficult on a consistent basis because of the seasonal factors affecting much of the group's business. But the spread of business encourages the group to expect results to show an improvement on last year's £2.25m.

Mr. G. W. Bone, the chairman, says the group showed increases in the half-year despite more difficult trading conditions on the farm machinery side of its business. An improvement in the performance of the European subsidiaries was a significant factor in achieving the result.

It was reported in May that it had sold its South African company and the terminal loss is shown as an extraordinary item.

He says markets for farm machinery, both at home and abroad, have not been buoyant and competition, particularly from other European manufacturers, is intense.

He says the company has long been involved in the market for sprayers for the application of chemicals and fertilizers and such products are becoming increasingly important in the application of modern farming techniques. To develop this aspect of business, the group has recently acquired Dorman Sprayer Company a leading UK specialist in this field. Dorman will continues to trade and develop business under this name.

Demand for grass cutting machinery is currently at a high level owing to good market conditions, its product range, and its distribution in key markets.

To consolidate this position the group has acquired 34.2 per cent of the equity shares, with an option to acquire a controlling interest in Wisconsin Marine Inc. a U.S. manufacturer of heavy duty rotary grass cutting machines. These products are now being added to the Ransomes range. The half year figures do not include any contribution from either of these two acquisitions.

Ransomes' electric truck business has also shown an improving trend and during recent months it has entered into long term agreements with its UK distributors and with Je Lau A/S of Denmark, which will bring better marketing outlets throughout Europe for the electric trucks.

Downturn at Sungei Krian

OWING TO lower profits from palm oil, estimated pre-tax earnings of Sungei Krian Rubber Estate dropped from £427,000 to £246,000 for the first seven months of 1978.

However, the directors say indications are that a recovery in the oil palm crop from the prolonged drought of the last two years will be evident in the latter half of 1978.

Prospects for the rubber crop and prices have improved for the remainder of the year, they add.

In 1977, total profits were ahead from £499,006 to £789,127 and a net interim dividend, in lieu of a final, of 75p per £1 share was paid and followed by a four-for-one scrip issue with a subdivision into 10p shares.

Chersonese Estates

After replanting expenditure of £71,000 against £100,000 last time, pre-tax profit of Chersonese (FMS) Estates declined from £630,000 to £589,000 in the first seven months of 1978.

Directors say output of all crops is now improving and current *prices are higher than during the* first seven months.

The interim dividend is up from an adjusted 0.375p net per 10p share to 0.4p. Last time a 1p final was paid on the record pre-tax profit of £1.14m.

Stag Furniture

AN INCREASE of 36 per cent in pre-tax profits to £1.04m has been achieved by Stag Furniture Holdings for the half year ended July 1, 1978, on turnover up almost 15 *per cent to £9.85m.*

Mr. P. V. Radford, the chairman, says trading conditions have steadily improved during the year and are now good. All companies are working to capacity.

After tax of £539,000 against £395,000 earnings per 25p share are shown at 12.02p (9.27p) and the interim dividend is lifted from 2p to 2.3p, absorbing £88,779 (£77,190).

In 1977 the group paid a total dividend of 4.8p from pre-tax profits of £1.36m.

RESULTS AND ACCOUNTS IN BRIEF

Faringe Mining and Exploration—Loss for year to June 30 1978 £10,258 (£3,300) after providing £24 tax (credit £335).

WILLIAMS AND JAMES (ENGINEERS)—Chairman states in interim report that the results add impetus to an established trend which Board expects to sustain. The company is creating additional capacity to support the growing level of output which itself is matched by a growing order book less dependent on generally dull UK markets.

BROMSGROVE CASTING AND MACHINING—Results for March 31, 1978, already known. Group fixed assets £589,600 (£600,579), net current assets £293,497 (£108,455). Bank overdraft £260,812 (£371,393). Cash balances decreased by £3,865 (£149,461). Chairman says current year should see worthwhile improvement although profits will bear the cost of removal of the Bromsgrove plant and workforce. Meeting, Bromsgrove, October 12, noon.

IMPALA PLATINUM—Results for June 30, 1978, year already known. Fixed assets R214.33 (R199.37). Current assets R94.57m (R77.76m), current liabilities R54.19m (R30.08m). Meeting, Johannesburg, November 13.

EASTERN TRANSVAAL CONSOLIDATED MINES—Results for June 30, 1978 year already known. Fixed assets R10.74m (R9.39m), net current assets R1.98m (R1.54m), loan portion of tax R0.61m (R0.33m). Chairman says in view of relatively high rate of capital expenditure and expected further escalation of working costs, gold price will be the main determinant if current year profits are to match 1977-78. Meeting, Johannesburg, October 16.

Extra five

CARRERAS ROTHMANS is to sell its Piccadilly Number One plain cigarette brand in packs of 25 instead of 20 from next month in an attempt to increase sales to the one-in-ten smokers who prefer untipped cigarettes. The recommended price will be 70p.

SHARE STAKES

Jacksons Bourne End—Dawn Grange has bought 7,500 shares *making beneficial interest* 291,500 (37.43 per cent).

Plysu—Plysu Pensions Investments has bought 10,000 shares. R. E. Gordon and H. A. G. Durbridge, directors of Plysu, are also directors of Plysu Pensions.

GLC wants night courts

COURTS SHOULD sit in the evenings and on Saturdays so that cases may be dealt with more speedily, says the Greater London Council in a draft report of evidence to the Royal Commission on Criminal Procedure.

The council also suggests some cases being heard by appointment or at staggered times, and the setting up of special courts to hear minor offences.

Staggered hearings would reduce waiting to a minimum for witnesses, defendants and the police, and special courts for minor offences would release magistrates' courts for more serious matters.

Avoidance of delay in bringing cases to trial is a recurrent theme in the report, which is expected to be adopted by the council's policy and resources committee next Tuesday.

The council also suggests the creation of an independent service to deal with some cases at present handled by the police.

Building sites safety warning

A safety expert yesterday gave warning of the rising death rate on building sites, after disaster in Cardiff in which four men died.

"I am seriously worried about the high level of construction site accidents in Wales—19 deaths in the past nine months, said Mr. Richard Gates, Director for Wales of the Health and Safety Executive. The four men died after their cradle plunged 90 feet down the side of an office block.

Oil project

The John Wood Group engineering division's offshore construction and maintenance company—Offshore Platform Maintenance (Scotland) (OPM)—is about to begin building a £450,000 manufacturing and servicing facility on a five-acre site at the South Middleton Industrial Estate, Aberdeen.

Betting Board's prize money

Sir Desmond Plummer, chairman of the Horserace Betting Levy Board, has given details of the £1,034,000 Flat Race Pattern allocation contained in the Board's £9.4m prize-money scheme and details for the £253,000 allocation to jumping Pattern Races.

The Board's allocation to Flat Pattern races next year represents an increase of £94,000 on this year. For jumping, the increase is £23,000. The Board's total prize-money contribution, however, is maintained in the flat-jumping ratio of 65-35.

Business advice for beginners

PEOPLE STARTING their own business will soon be provided with advice by the London Chamber of Commerce and Industry in collaboration with the City of London Polytechnic.

A one-day seminar is being held in November entitled Getting Started in Business and will outline some of the pitfalls discovered by three local firms which opened businesses within the last 18 months.

صورة عن الأصل

MINING NEWS

Selection Trust has a steady half-year

BY KENNETH MARSTON, MINING EDITOR

LONDON'S Selection Trust mining finance group reports a profit for the half-year to June 30 of £5.35m. Last year the group changed its accounting date from March 31 to December 31. So far comparative purposes the latest half-year result can be compared with that of the six months to September 30, 1977, of £5.56m.

	Six months 30.6.78 £000	30.9.77 £000
Turnover	85,047	124,548
Income	16,108	18,122
Operating profit	9,540	11,482
Profit on realisation of investments	1,959	2,459
Dividends	2,172	1,624
Int. & other revenue	2,486	2,528
Expenditure	6,435	6,550
Admin. tech. & prop. expenses	2,157	1,963
Exploration	1,592	1,956
Interest payable	2,310	2,929
Exchange loss	124	47
Profit before tax	9,623	11,272
Tax	[illegible]	[illegible]
Profit after tax	5,587	5,687
Minority profit	[illegible]	151
Attributable	5,358	[illegible]
Interim div.	1,395	1,454

Because of the changed accounting date Selection Trust has announced that it is to declare two interim dividends and one final for the current 12 months to December 31. The first interim, of ... is now declared; for the previous nine months to end-1977 there was an interim of 3p followed by a final of 9p. The company is subject to UK dividend restraint.

The sharp fall in turnover and profits on realisation of investments on the latest occasion reflects a reduction in sales of gilt-edged securities to £3m compared with the exceptionally high sales of £39m made in the six months to September 30 last.

Operating profits have declined in line with the revised arrangements regarding the craneship "..." with the Dutch Recrema ... On the other hand profits of the UK Kleemann group are included for the first time and the Australian Mount Newman iron ore operation has done better thanks to a satisfactory revision of contracts and less labour disruption.

The major factor in the rise in dividend income on the latest occasion has been the resumption of dividends from the stake in Sierra Leone diamonds and in the Tsumeb base-metal operation in Namibia (South West Africa). Selection Trust's interest payments have fallen as a result of the repayment of high interest short term loans with the funds raised by last year's $40m Euro-bond issue.

Looking to prospects for the current half-year, interest payments are likely to rise again, but the strength of the diamond market points to the probability of further dividend being received from Sierra Leone.

On balance it would seem that earnings could fall somewhat short of those for the past half year, as can always happen, the group can come up with some useful share dealing profits.

Selection Trust shares were ... yesterday. They have advanced recently following the approach made by Standard Oil of California to America's Amax in which Selection Trust has a stake of 8.3 per cent. So far there have been no further developments following Amax's rejection of the offer.

See Lex

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... stabilising and the need for new borrowing has been reduced.

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The 57.65m Impala Platinum Holdings shares of 20 cents resulting from the consolidation of Impala Platinum and Bishopsgate Platinum will be listed on the Johannesburg and London stock exchanges from October 30. The listing of the 25m Bishopsgate shares of 10 cents on both stock exchanges will terminate on October 27. The effective date of the merger is July 1, 1978, and with the financial year-end of Impala changed to June 30 from August 31, the current accounting period will cover 10 months.

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Compagnie Royale Asturienne des Mines said provisional group results for the first half of 1978 showed a loss. The only exception was in the group's lead mines in Morocco which have benefitted from relatively stable prices for the metal. In 1977 the company paid no dividend after a net loss of BFrs 238.0m.

ROUND-UP

Zambia's copper-producing Roan Consolidated Mines made a net loss of K9.73m (£6.23m) in the June quarter. This leaves a loss of K12.41m for the year ended June 30 compared with a profit of K20.86m in 1976-77. The company remains out of the dividend list. It is stated that although resources remain minimal its financial situation is ...

Little hope of early start for Ranger

URANIUM mining in Australia's Northern Territory now appears certain to be delayed by at least 12 months because of continuing argument over an agreement to enable development work to start on the ranger uranium project of Peko-Wallsend and EZ Industries.

An agreement on the royalties to be paid to the Aborigines was ratified last week between the Federal Government and the Northern Land Council, acting on behalf of the Aborigines, but the deal has stalled, reports James Forth from Sydney.

The agreement was due to be signed yesterday but some members of the NLC, dissatisfied about the agreement, took legal action to defer the signing. There have been charges that the chairman of the NLC, Mr. Galarrwuy Yunupingu, had only recommended the agreement because of Government threats that the NLC would otherwise be stripped of its powers, charges which have been denied by the Government.

The Northern Territory Supreme Court has now held over the hearing on the Ranger dispute until another meeting of the NLC has been held to consider the situation. The meeting is also expected to decide whether Mr. Yunupingu continues to head the NLC.

Talks were held in Darwin yesterday by members of the NLC and it is suggested that the second meeting to consider Ranger, might not take place for some weeks. This would almost certainly mean that the wet season would start before work could commence on development of Ranger, and delay the project another 12 months.

In London yesterday shares of Peko-Wallsend fell 12p to 530p while those of EZ were 5p down at 265p.

Amgold's interim profits up 45%

THE RETURN to prosperity of South Africa's gold producers in the light of the advancing gold price—it reached a record close of $215¾ per ounce yesterday—is reflected in a 45.7 per cent advance in interim earnings of the major holding company Anglo American Gold Investment.

Amgold's financial year-end has been moved from December 31 to end-February because of the already announced decision by the Anglo American group gold mines to put back their final dividend declarations by some five weeks. Consequently Amgold's current financial period will run for 14 months to end-February.

The latest interim results cover the eight months to August 31 last, but they are directly comparable with those for the six months to June 30 last year because the investment income includes the same companies in both cases.

Group net profits on the latest occasion have jumped to R29.6m (£17.6m), equal to 135 cents per share, from R20.3m in the half-year to June 30, 1977. They totalled R41.5m in the full year to December 31 last. An interim dividend for the current year of 100 cents (59.5p) was declared in mid-June. For 1977 there was an interim of 80 cents followed by a final of 85 cents.

Amgold makes the point that dividend income does not accrue evenly throughout the year and this also applies to costs. It should not be assumed, therefore, that the latest results are necessarily proportionate to those for the full 14 months to end-February.

However, the continued strength of the bullion price continues to work through to gold mining dividends and Amgold will thus enjoy buoyant income in the rest of the financial period.

Net assets at August 31, taking market values for listed investments, equalled 4,411 cents (£26¼) per share. Amgold were £18¼ cum-premium in London yesterday. With effect from July 1, the company made a private placing of 25m redeemable cumulative preference shares of 10 cents at a premium of 90 cents.

Profit rise at Reabrook Trust

Profits of Reabrook Investment Trust improved from £29,225 to £60,430 in the year to May 5, 1978, before tax of £26,299 against £10,309. First-half pre-tax profits were well ahead from £11,578 to £44,642.

Earnings per share are shown at 1.6p against 1.1p and a final dividend of 0.67p makes a total of 1.2325p, compared with 1.045p previously.

Attributable profit for the year amounts to £31,249 against £19,916.

BANK RETURN

	Wednesday Sept. 20 1978	Inc. (+) or Dec. (−) for week
BANKING DEPARTMENT		
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	22,242,571	+ 621,742
Special Deposits	640,565,000	—
Bankers	368,679,942	+ 36,422,423
Reserves & Other A/cs	728,261,611	+ 23,036,260
	1,774,312,124	+ 60,140,429
ASSETS		
Govt. Securities	1,369,231,000	+ 72,370,000
Advances & Other A/cs	210,777,279	+ 1,982,060
Premises, Equip't & Other Secs.	167,286,007	− 34,769,894
Notes	25,614,595	+ 642,275
Coin	205,156	+ 9,990
	1,774,312,124	+ 60,140,429
ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes Issued	8,600,000,000	—
In Circulation	8,574,385,405	− 648,276
In Bank'g Dept.	25,614,595	+ 642,276
ASSETS		
Govt. Debt	11,015,100	—
Other Govt. Secs.	7,569,353,509	+ 14,430,233
Other Securities	919,631,391	− 14,490,235
	8,600,000,000	—

The Caledonian Trust Company Limited

		1978	1977
Equity Shareholders' interest		£40,786,286	£35,288,704
Asset value per share		110.6p	95.7p
Revenue attributable to ordinary shareholders		£673,682	£588,377
Ordinary shares ranking for dividend		35,584,752	35,325,371
Earnings per ordinary share		1.89p	1.67p
Ordinary dividend per share	interim	0.60p	0.50p
	final	1.25p	1.10p
Capitalisation issue in B ordinary shares		1.76468%	1.77723%

In his Chairman's Statement Mr J. A. Lumsden brings out the following points:—
A final dividend of 1.25p making 1.85p for the year has been recommended as compared with 1.60p for the previous year.
A further increase in dividend is expected in the current year. The net asset value per share increased by 15.6% during the year.

INVESTMENT STRATEGY
Our broad investment strategy is to maintain a balanced portfolio based primarily on the three major economies of the UK, USA and Japan, but with significant interests also in other areas such as Asia, Australia, Brazil and Europe. At differing times one or more areas will outperform the remainder, and it is of course our aim to have a larger share of our total investment in the better performing areas. Large scale switches are however impracticable on a short term basis, and it would only be on a longer term view that a material change in direction would be justified. At present we think it right to have some two-thirds of our equity investments in overseas areas.

ANNUAL GENERAL MEETING
The annual general meeting will be held at 11.00 a.m. on Monday the 9th day of October 1978 at 175 West George Street, Glasgow G2 2LD.

MANAGED BY MURRAY JOHNSTONE LIMITED.

Dowding and Mills climbs to peak £1.7m

AFTER A 13 per cent advance to £809,307 at halfway and in line with the forecast of a record year, pre-tax profit of Dowding and Mills climbed from £1,429,841 to £1,739,121 in the period to June 30, 1978.

Turnover for the year of the electrical and mechanical engineer, was £11.37m compared with £9.5m last time, and after tax of £747,577 (£567,987) net profit came out ahead from £861,854 to £991,544.

Earnings per 5p share are shown at 3.28p against 2.85p and the final dividend of 0.655p (0.58p) takes the net total from 1.075p to 1.2p.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—A. F. Bulgin, Southampton Isle of Wight and South of England Royal Mail Steam Packet, Southern Constructions, Third Mile Investment, Ward White.
Finals—Blue Bird Confectionery, Telefusion, Alfred Walker, Thomas Walker.

FUTURE DATES

Interims—	
Alpine Holdings	Sept. 27
British Home Stores	Oct. 18
Newman Industries	Sept. 28
Northern Securities Trust	Nov. 9
Royco	Sept. 28
Silhouette (London)	Nov. 3
600 Group	Nov. 30
Tootal	Sept. 27
Finals—	
Consolidated Gold Fields	Oct. 11
Cradley Printing	Oct. 6

J. Wilkes recovers further

AFTER a considerable recovery in pre-tax profits for 1977, James Wilkes shows a further increase of 11.4 per cent to £256,438 for the first half of 1978 compared with £230,253 in the same period last year.

And it is expected that the second half should contribute about the same amount of profit as the first six months.

The interim dividend is lifted from 1.385p to 1.5p—last year's total was 3.75p from taxable profits up from £218,000 to £496,000.

	Half-year 1978 £	1977 £
Turnover	4,494,152	3,878,825
Trading profit	216,437	214,779
Share associates	40,001	15,474
Profit before tax	256,438	[illegible]
Estimated tax	122,000	119,000
Net profit	134,438	111,253
Minority loss	1,290	—
Attributable	135,728	111,253
Dividends	52,380	49,700

In the first half the new subsidiary Wilkes Computing commenced operations in the computer software and associated hardware markets.

The skills required and start-up costs are high and some of these costs have been absorbed in the first half. Profit contribution from this activity is not expected to arise in the establishment phase of up to two years.

Although competition in the business forms side of the group remains fierce, directors feel confident of retaining their position. A general manager has now been appointed in Wilkes Business Forms to concentrate on the development of activities in that market.

Winn Inds. higher at midway

FOR THE first half of 1978 pre-tax profit of Winn Industries rose from £524,000 to £646,000 from turnover ahead £265,000 to £9.44m.

After tax of £336,000 (£275,000), net profit came out at £310,000 (£249,000). The interim dividend is lifted from 1.158p net per 20p share to 1.44p and directors say the total dividend should be similarly raised. Last year a 1.4625p final was paid on record profits of £1.31m.

Directors say the first half was a period of consolidation. The figures indicate that the group is performing well, they say, with excellent results in all sectors. While the building, painting and shopfitting operations are gradually recovering from the general setback in that sector, the group emphasis is on increasing the export content of sales.

After having heavily invested in the past three years in new plant, equipment and premises, the group is now seeking to use the funds at its disposal on acquisitions. The directors, therefore, look forward with high hopes.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

NORTH AMERICAN NEWS

Alleghany buys up remaining IDS stock

NEW YORK, Sept. 21.

ALLEGHANY CORPORATION said it proposed to acquire Investors Diversified Services.

Alleghany already owns 56 per cent of IDS' voting stock and 37 per cent of its equity.

It said it would issue $40 cash, or a combination of common and preferred stock for IDS shares held by other stockholders.

Alleghany said the merger proposal provides for allocating the total amount of cash to be paid if more than 48 per cent of the stock held by others is tendered for cash.

It also provides that if less than 43 per cent of the stock held by others is tendered for cash, Alleghany could issue additional securities or terminate the proposal.

Alleghany said its stockholders other than itself would have the option of receiving $40 cash, or one-half share of Alleghany common stock plus one share of a new series of Alleghany preferred stock for each IDS class A share or its equivalent.

However, it said the number of shares to be exchanged for cash would not be more than 48 per cent nor less than 43 per cent of IDS class A shares or their equivalent not owned by Alleghany.

Half-year loss for General Dynamics

NEW YORK, Sept. 21.

A SECOND QUARTER loss of $156m is reported by General Dynamics, the major U.S. aircraft and building materials group. This was after writing off $186.7m from a negotiated settlement with the U.S. Navy covering claims and cost overruns on a building programme for 18 nuclear-powered submarines.

Excluding the $186.7m write-off, General Dynamics managed to lift second quarter earnings from a corresponding $29.7m or $2.71 a share to $30.7m or $2.87 a share.

Half-year earnings, again excluding the write-off, advanced from $48.6m or $4.44 a share to $50.5m or $4.73 a share.

Agencies

Seagram gain

Seagram Company, the world's largest distilling group, earned US$90.6m, or US$2.58 a share in the year ended July 31, against US$87.1m, or US$2.48 a year earlier, Robert Gibbens writes from Montreal. Revenues were US$2.27bn against US$2.18bn. Foreign currency losses were US$2.5m against a gain of US$1.5m. Demand continued strong, and earnings from international operations were substantially improved, the company said.

Merrill Lynch moves into residential property sector

BY JOHN WYLES

NEW YORK, Sept. 21.

THE NEXT diversification move by Merrill Lynch and Co. will take the largest U.S. brokerage firm into residential real estate broking.

Merrill revealed today that it is negotiating to acquire "several" residential real estate firms whose acquisition would mark the company's "initial entry into the rapidly growing residential brokerage industry."

According to Mr. Dakin B. Ferris, a Merrill Lynch vice-president, this will take the company one step closer to its goal of providing a "full financial service." In recent years, Merrill's diversification has included international banking, life insurance and a form of commercial banking.

Its first move into real estate came in 1968 with the acquisition of Merrill Lynch Hubbard, whose activities include mortgage banking and property management. Last year saw the purchase of an executive relocation company which helps transferred employees of corporations to buy and sell property and co-ordinates their moving arrangements.

Mr. Ferris said today that the Merrill Board has been studying the possibilities of entering residential brokerage for more than five years. When its acquisitions have been consummated, they will be grouped into a new subsidiary which will be based in Stamford, Connecticut, and called Merill Lynch Realty Associates.

With some $646m of capital, Merill is well placed to finance this new exercise, which will be launched at a time when the housing market is extremely strong and enjoying a boom which has lasted two years or more. All told, Merrill's diversified financial services group contributed around $82.5m to the company's revenues of $1.1bn last year. The aim of building up this group, which includes the insurance subsidiary, Family Life Insurance, is to cushion the company against the cyclical excesses of the brokerage businesses which have caused the company's net earnings to swing from a record $106.6m in 1976 to $43.9m last year.

● Merrill Lynch International, a subsidiary of Merrill Lynch and Co., said that Mr. William R. Arthur has been elected chairman and chief executive officer and Mr. J. Arthur Urciouli President and Chief administrative officer succeeding Mr. Arthur. Mr. Arthur succeeds Mr. Harry B. Anderson as chairman and chief executive.

Kennecott suspended on bid rumours

CHICAGO, Sept. 21.

TRADING IN Kennecott Copper Corporation shares was halted yesterday following market rumours that Standard Oil of Indiana was trying to arrange a friendly $40-a-share cash offer for 30 per cent of Kennecott.

The market rumour surfaced late yesterday afternoon and was presented for comment to both Indiana Standard and to Mr. Frank R. Milliken, chairman of New York-based Kennecott. Neither Mr. Milliken nor any Standard Indiana spokesman could be drawn on the subject.

This morning, Kennecott president, Mr. William H. Wendel, said: "I know nothing about the rumour of an intended Indiana Standard offer for Kennecott stock."

Close observers noted that a large block of Kennecott stock in friendly hands could be considered a strong card for Kennecott management to play in any possible repeat of last spring's tough proxy fight against the Curtiss-Wright Corporation which holds 9.9 per cent of Kennecott's approximately 33m outstanding shares.

Kennecott stock has been active and trading higher in recent days on rumours of a possible takeover or other offer. The group's shares which closed 1¼ up on Wednesday at $26¾ on turnover of more than 270,000 shares, are currently trading at $27½—up ¾ on 35,700 shares.

Both Morgan Stanley and Goldman Sachs are understood by market sources to have recently put Kennecott stock on a "restricted" list.

This effectively bars the two firms from trading in Kennecott shares and is often taken by the investment community as a signal that some deal is afoot. Goldman Sachs and Morgan Stanley declined to comment on the restricted status for Kennecott shares.

AP-DJ.

Rockwell quits TV industry

BY OUR OWN CORRESPONDENT

THE HARD-PRESSED U.S. colour television manufacturing industry lost another of its members yesterday when Rockwell International announced the closure of the television business of its Admiral Group after losses exceeding $80m over the last four years.

Mr. Robert Anderson, the company's president and chief executive, laid the blame squarely on intense price competition, "particularly from Japanese sources." The closure of Admiral, which will cost 2,000 jobs in Havard, Illinois, is bound to raise questions about the effectiveness of an orderly marketing agreement with Japan which came into effect last July, and could lead to renewed calls from American manufacturers for curbs on imports.

Rockwell acquired Admiral in April 1974 for $19.9m in stock, and despite efforts to improve the technology and marketing of its products, it immediately ran into losses. Rockwell, with $6bn in annual sales, has been seeking a purchaser for Admiral or a joint venture partner without success, and the closure decision, which comes in what may be a record year for colour television sales, points to a reversal of the belief that the losses can be reversed.

"We have concluded that the long-term outlook does not justify further commitment of the company's resources," added Mr. Anderson. Although Admiral produces refrigerators and other domestic appliances, its deficits of $22.5m in 1975, $23.5m in 1976 and $19m last year have all been attributed to the television business.

RESULTS IN BRIEF

Koehring moves ahead

NEW YORK, Sept. 21.

KOEHRING, the industrial equipment manufacturer, announced that it earned $2.28 a share in the first nine months of the year compared with $1.96 in the comparable period. National Service Industries, which operates in linen, chemicals and lighting equipment, increased earnings for the full fiscal year from $1.93 a share to $2.35.

Also for the full year, Planning Research Group (systems analyst) lifted earnings from 60 cents a share to 72 cents, and Brown Company, the pulp and paper subsidiary of Gulf and Western, recorded a fall in earnings from $1.12 a share to 91 cents.

CI Mortgage Group reports an operating loss of 63 cents a share for the first half of the year, against a loss of 96 cents last time.

International Multifoods Corporation, the flour and feeds producer, reported a dip in earnings from $1.10 to 98 cents a share for the first six months while General Instrument lifted earnings from $1.46 to $1.93 a share.

Also reporting for the first half-year, Collins Aikman lifted earnings from 93 cents to 94 cents a share, while Mattell, the toymaker, reported an increase from 31 cents to 35 cents.

Agencies

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

	Bid	Offer
STRAIGHTS		
Alcan Australia 9¾pc 1989	97	97½
AMEV 8pc 1987	94½	95
Australia 8½pc 1992	93½	94½
Australian M. & S. 9½pc '92	95¾	96¼
Barclays Bank 8¾pc 1992	95½	96
Bowater 9½pc 1992	98	98½
Can. N. Railway 8¾pc 1986	95¼	96¼
Credit National 9¼pc 1986	96¾	97¼
Denmark 8¾pc 1984	97	97½
ECS 9pc 1993	99	99½
ECS 8¾pc 1997	95¼	96¼
EIB 8¾pc 1992	96¼	97½
EMI 9½pc 1989	98¼	99
Ericsson 8¾pc 1989	96¼	97
Esso 8pc 1986 Nov.	98¾	99¼
Gt. Lakes Paper 8¾pc 1984	97½	98¼
Hamersley 9½pc 1992	100½	101¼
Hydro Quebec 9pc 1992	97	97½
ICI 8¾pc 1987	94¾	95¼
ISE Canada 9¼pc 1986	101½	102
Macmillan Bloedel 9pc 1992	97¾	98¼
Massey Ferguson 9¼pc 1991	96	97
Michelin 9¼pc 1988	99½	100½
Midland Int. Fin. 8¾pc '92	96½	97½
National Coal Bd. 8pc 1987	94	94½
National Westmnstr. 9pc '86	99½	100½
Natl. Westmnstr. 9pc '86 'B'	101	101½
Newfoundland 9pc 1989	98½	99
Nordic Inv. Bank 8¾pc 1988	97½	98
Norges Kom. Bk. 8¾pc 1992	95¼	96¼
Norpipe 8¾pc 1989	96	96½
Norsk Hydro 8¾pc 1992	94½	95¼
Oslo 9pc 1988	99½	100
Ports Autonomes 9pc 1991	98½	99½
Prov. Quebec 9pc 1995	96¼	97
Prov. Saskatchwn. 8¾pc '86	97½	98¼
Reed International 9pc 1987	94	96
RHM 9pc 1992	94½	95½
Selection Trust 8¾pc 1989	91½	92¼
Shell Intl. Fin. 8¾pc 1990	95	95½
Skand. Enskilda 9pc 1991	99	99½
SKF 8pc 1987	91½	92¼
Sweden (K'dom) 8¾pc 1987	95	95½
United Biscuits 9pc 1989	97½	98
Volvo 8pc 1987 March	92½	93¼
NOTES		
Australia 7¾pc 1984	93	93½
Bell Canada 7¾pc 1987	93½	94½
Br. Columbia Hyd. 7¾pc '85	93½	94
Can. Pac. 8¾pc 1984	96½	97½
Dow Chemical 8pc 1986	94½	95½
ECS 7¾pc 1982	95	95½
ECS 8¾pc 1989	94	94½
EEC 7¾pc 1982	95	95½
EEC 7¾pc 1984	94	94½
Enso Gutzeit 8¾pc 1984	95½	96½
Gotaverken 7¾pc 1982	94½	95½
Kockums 8pc 1983	96	96½
Michelin 8¾pc 1983	97½	98½
Montreal Urban 8¾pc 1981	98½	99
New Brunswick 8pc 1984	93½	95½
New Bruns. Prov. 8¾pc '83	93	95¼
New Zealand 8¾pc 1986	95	95½
Nordic Inv. Bk. 7¾pc 1984	93½	94½
Norsk Hydro 7¾pc 1982	95½	96
Norway 7¾pc 1982	93½	94½
Ontario Hydro 8pc 1987	93½	94
Singer 8¾pc 1982	97½	98½
S. of Scot. Elec. 8¾pc 1981	98	98½
Sweden (K'dom) 7¾pc 1982	95½	96
Swedish State Co. 7¾pc '82	93½	96
Telmex 8½pc 1984	98½	99
Tenneco 7¾pc 1987 May	91½	92½
Volkswagen 7¾pc 1987	93	93½
STERLING BONDS		
Allied Breweries 10¼pc '90	91	92
Citicorp 10pc 1993	93	94
Courtaulds 9½pc 1989	89½	90½
ECS 9¾pc 1989	93½	94½
EIB 9¾pc 1988	97½	98½
EIB 9¾pc 1992	94	95
Finance for Ind. 9¾pc 1987	91½	92½
Finance for Ind. 10pc 1989	94½	95½
Fisons 10½pc 1987	97½	98½
Gestetner 11pc 1988	93½	94½
INA 10pc 1988	91½	92½
Rowntree 10¾pc 1988	92½	93½
Sears 10½pc 1988	92½	93½
Total Oil 9¾pc 1984	91	92
DM BONDS		
Asian Dev. Bank 5¾pc 1988	95½	96½
BNDE 6¾pc 1986	97½	98½
Canada 4¾pc 1983	98	99
Den Norske Ind. Bk. 6pc '90	99½	100½
Deutsche Bank 4¾pc 1983	[illegible]	99
ECS 5¾pc 1990	92½	92¾
EIB 5¾pc 1990	92½	93½
Elf Aquitaine 5¾pc 1988	94½	95½
Euratom 5¾pc 1987	97½	98½
Finland 5¾pc 1986	97½	98½
Forsmarks 5¾pc 1990	97	98
Mexico 6pc 1985	97½	98½
Norcem 5¾pc 1989	98	99
Norway 4¾pc 1983	98½	99½
Norway 4¾pc 1983	97	98
PK Banken 5¾pc 1988	96½	97½
Prov. Quebec 6pc 1990	97	98
Rautaruukki 5¾pc 1988	95	96
Spain 6pc 1988	96½	97½
Trondheim 5¾pc 1988	96	97
TVO Power Co. 6pc 1988	97	98
Venezuela 6pc 1988	96½	97½
World Bank 5¾pc 1990	97	98
FLOATING RATE NOTES		
Bank of Tokyo 1984 8¾pc	99½	99¾
BFCE 1984 9 7/16pc	99½	99¾
BNP 1983 9 5/16pc	99¾	100¼
BQE Worms 1985 9pc	[illegible]	98½
CCF 1985 8¾pc	98½	99
Chase Manhttn. '93 9 5/16pc	97½	98½
Creditanstalt 1984 8¾pc	99	99½
DG Bank 1982 9pc	99¾	100½
GZB 1981 9¾pc	99¾	100¼
Intl. Westminster 1984 9pc	99½	99¾
Lloyds 1983 8 13/16pc	99½	100½
LTCB 1983 9 1/16pc	99½	99¾
Midland Int. FS '87 8 9/16pc	98½	99½
Midland Int. FS '93 9 7/16pc	98½	99
Nat. Westminstr. '90 9 5/16pc	98½	99½
OKB 1983 9¾pc	99½	100
SNCF 1985 9 5/16pc	98½	99½
Std. and Chtrd. '84 9 5/16pc	99½	99¾
Source: White Weld Securities.		
CONVERTIBLES		
American Express 4¼pc '87	82	83½
Babcock & Wilcox 7pc '92	133½	134½
Beatrice Foods 4¼pc 1992	100½	102
Beatrice Foods 4½pc 1992	116	117½
Beecham 6½pc 1992	119	120
Boots 6½pc 1993	103	104
Borden 5pc 1992	97	98½
Broadway Hale 4½pc 1987	74½	76
Carnation 4pc 1987	77	79½
Chevron 5pc 1988	142	143
Dart 4¾pc 1987	83	84½
Eastman Kodak 4½pc 1988	87	89½
Economic Labs. 4¾pc 1987	91	92½
Firestone 5pc 1988	76½	78
Ford 5pc 1988	83½	85
General Electric 4¼pc 1987	85½	87
Gillette 4¾pc 1987	76½	78
Gulf and Western 5pc 1988	87	89½
Harris 5pc 1992	224	225
Honeywell 6pc 1986	85½	87
ICI 6¾pc 1992	93½	99½
INA 6pc 1997	99	100
Inchcape 6¾pc 1992	114½	116
ITT 4½pc 1987	78½	80
Jusco 6pc 1993	143	144
Komatsu 7½pc 1990	141	142
J. Ray McDermott 4¾pc '87	154	156
Matsushita 6½pc 1990	191	192
Mitsui 7¼pc 1990	133½	134½
J. P. Morgan 4¾pc 1987	100	101
Nabisco 5¾pc 1988	103	104½
Owens Illinois 4¾pc 1987	117½	119
J. C. Penney 4¼pc 1987	75½	77
Revlon 4¼pc 1987	132	133½
Reynolds Metals 5pc 1988	96½	98
Sandvik 6¾pc 1988	112	114
Sperry Rand 4¼pc 1987	97½	99
Squibb 4¼pc 1987	91½	93
Texaco 4¾pc 1988	76½	78
Texas Int. Air. 7¾pc 1993	98	99
Toshiba 6¾pc 1992	135	137
Ty Co. 9pc 1984	75	76½
Ty Co. 8¾pc 1985	104½	105½
Union Carbide 4¾pc 1982	98	99½
Warner Lambert 4¾pc 1987	81½	83
Warner Lambert 4¾pc 1988	73½	77
Xerox 5pc 1988	76½	77
Source: Kidder, Peabody Securities.		

INTERNATIONAL CAPITAL MARKETS

Canada plans to raise $750m in New York

BY VICTOR MACKIE

OTTAWA, Sept. 21.

THE CANADIAN Government took another step yesterday to aid the struggling dollar by announcing it expects to offer a US$750m bond issue for sale in New York. Finance Minister Jean Chretien made the announcement shortly after the dollar fell to a new 45-year low of 85.43 cents U.S. on the New York money-market on Wednesday.

The bond issue will be the third foreign borrowing of its kind this year by the Federal Government, after a decade of avoidance of international bond markets.

Last April the Government offered a US$750m bond issue in New York, and later borrowed another US$706m in West German marks.

Wednesday's announcement, which aims at supporting the dollar through a new influx of foreign capital, is the latest in a chain of actions by the Government.

Mr. Chretien said in a short statement that details of the planned offering will be made available, when the Government files a required registration statement with the U.S. Securities and Exchange Commission.

In addition to the borrowings, the Canadian Government has raised its Bank of Canada interest rates four times since March, arranged stand-by credits for loans with Canadian foreign chartered banks, and paid off $3.2bn in international reserves since the start of 1977, all to defend the Canadian dollar.

Recently, figures showing Canada's large current-account deficit and weak merchandise trade figures in June and July as well as speculations about Federal monetary policies, have been cited by money traders as reasons for the dollar's slide decline. The current-account deficit, which includes both trade in goods and services, was expected to be over C$4bn this year.

EUROBONDS

Dollar issues weaken further

BY OUR EUROMARKETS STAFF

THE DOLLAR sector of the international bond market was weaker yesterday by up to ¼ a point, continuing what some dealers are starting to regard as a long overdue shake-out. But yet again the market reported little selling by investors and ascribed most of the movement to professionals. The prime mover in the market remains short-term interest rates in the U.S. Federal Funds were notched up a little more at the start of trading in New York to almost 8.5 per cent — a new apparent target rate—that was disputed by the Fed yesterday.

The DM sector was again quiet but a little firmer, with prices changing barely at all.

Following the announcement at the end of last week of the first French Franc denominated bond for over two years, FFr 200m for the European Investment Bank, prices in the Franc secondary market have changed barely at all. Placement of the new bond seems to be going fairly well despite the recent weekns of the French Franc and the increase in Eurofranc deposit rates from 9-9¼ per cent a week ago to 9¾-¼ yesterday. Apart from French residents who are said to be showing interest in the bond, the strongest demand is said to be coming from French-speaking Switzerland and the Benelux countries.

Deutsche Bank yesterday confirmed preliminary details of the DM 80m convertible bond issue from Nissan Diesel Motor Company. The maturity is eight years and the coupon 3.5 per cent paid semi-annually. The bond will be convertible into the company's Tokyo listed shares from February 1, 1979. Final terms are to be set on October 1, and a conversion premium of 10 per cent and a par price is expected. This is the company's first offering on the Euromarket.

Kredietbank Luxembourg yesterday fixed the price of the 20m unit of account Bond for Panama at 99½ per cent. The bond matures in 15 years with an average life of 12 years. The coupon is 8¾ per cent. Meanwhile, the Republic of Finland's yankee bond to raise $100m has its coupon set at 9 per cent and its price at 99.65. The annual yield is therefore 9.28 per cent. The maturity date is September 15, 1988.

Amex Bank warning on LDCs

BY OUR EUROMARKETS STAFF

A CAUTIONARY note to counter "flooding confidence" in the business of lending to Less Developed Countries is sounded by Amex Bank in the latest edition of its monthly review. The bank calls this confidence "hard to justify and unlikely to last."

Amex ascribes the favourable supply and pricing of such credits to two factors: the expansion of international liquidity fuelled by the U.S. balance of payments, and the fading of initial "hysteria" about LDC debt because of "increasingly sophisticated analysis of the role of financing in world economic relations."

The problem, warns Amex, is that tightening international liquidity is likely by the end of this year. This, coupled with a sceptical view of attempts to formalise banking relations between private institutions and LDC public authorities, leads Amex to predict that the availability of funds is likely to be the most potent force steering LDC economic policies towards the conservation of foreign exchange.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Norwegian shipping group sees higher operating profit

BY FAY GJESTER OSLO, Sept. 21.

...WEGIAN shipping company, Hoegh, continues profitable ...te the current slump, ...ting higher profits for the ...half of this year. Gross ...it earnings in the six ...hs totalled NKr 995m. ...st NKr 863m in the opening ...of 1977, while profit before ...ciation rose to NKr170m ...NKr 123m.

...rating profits in the second ...are expected to be some... ...down on the first six months, ...or the year as a whole they ...d still total NKr 320m. com... ...with NKr 298m.

...ital input this year is, how... significantly higher than ...year, since new ship... ...ries have raised the value ...egh's fleet to NKr 3.38bn as ...ne 30, 1978, against only ...2.35bn a year earlier. Thus ...s on capital are only about ...r cent, against 12 per cent ...ar earlier. The decline ...s the difficult market for ...company's gas carriers, ...red in 1977.

...fleet managed by Hoegh ...ne 30 comprised 42 ships ...ng 3m tons deadweight, in... ...g 22 which were chartered ...er a year. It also included ...laid-up gas tankers, of ...one was laid up for charterers' account. Ships on order for Hoegh now total 10, including two Ro-Ro car carriers ordered when an earlier contract for LPG tankers was cancelled.

In the first half of this year the company sold one liner vessel, one small car carrier and two car-bulk carriers. The car-bulkers have been sold to a foreign owner for delivery in the second half of this year, and Hoegh will charter them back from their new owner for an 18-month period.

Another major Norwegian shipping group, Fred Olsen, made gross freight income totalling NKr 296m ($57.04m) in the first half of this year against NKr 293m in the same period of 1977. The group foresees that results for 1978 as a whole, before interest and depreciation, will be slightly better than in 1977, but net profit will be lower, owing to higher capital outlays. Liquidity is described as good.

The report says that pessimistic forecasts about this year's business climate have proved correct, and that the group's North Sea liner operations have suffered most from this. Activity in some other areas has, however, almost offset the poor North Sea results.

Preussag in deficit after first six months

By Adrian Dicks

BONN, Sept. 21.

PREUSSAG, the West German base metals, chemicals, energy and engineering group which has recently acquired a majority of Amalgamated Metal Corporation, told shareholders today that it had made a further loss during the first half of this year. Yet it was able to improve results in several areas of its business, the company said.

As a result of increased productivity at its coal mine at Ibbenbueren, losses were greatly reduced. The current building boom in West Germany helped the group towards higher profits in its construction and building products divisions. The special-purpose barge, railway tank-wagon and oil storage business also showed higher earnings, as did the oil and chemicals sector.

The main negative influence Preussag's result continued to be its metals business, which accounted for about one-third of total sales in the first six months. The company remained severely affected by the low zinc price, which has forced it to operate short-time working at its two West German zinc mines as well as to suffer losses on smelting.

Despite firmer prices for copper, silver, cadmium and other minor metals in Preussag's business, overall sales for this sector of the group's activity were down 21 per cent from the first half of 1977.

Total turnover for Preussag was up slightly from DM 1.1bn to DM 1.2bn ($0.61bn) in the first half. No figure for first half profits was divulged, but Preussag should benefit in the second half from its 55 per cent holding in AMC.

Preussag regards this holding as strategically important, since the company is acquiring not only a profitable business in its own right, but both a ring-dealing seat in the London Metal Exchange and a direct stake in the production and smelting of tin, a more attractive metal at present than most of its product range.

Reorganisation at Saint-Gobain

BY DAVID CURRY PARIS, Sept. 21.

FRANCE'S LARGEST privately-owned industrial company Saint-Gobain-Pont-a-Mousson is re-organising completely the management and operational structure of both its holding company and its operating divisions. The move follows the company's recent decision to raise Fr 594m ($136m) by a rights issue to reinforce its capital base, the largest rights issue in the history of the Paris Bourse.

The re-organisation is part of the company's policy of clearing the decks ready to embark on a period of expansion and to identify areas from which it may decide to withdraw. Like a number of other companies, the conservative General Election victory in March has given it some measure of confidence.

The main innovation at the holding company is the appointment of five corporate vice-presidents in charge, respectively, of industrial policy and planning; marketing; research and development; corporate communications (personnel, advertising, and public relations); and legal affairs.

The idea is to instal senior managers to ensure the rapid flow of information and instruction between the board and the operating level.

The top echelon remains the same, with M. Roger Martin as chairman, M. Roger Fauroux as chief executive, with M. Jacques Beibeder moving from finance to be chief operating officer.

At the operational level, the six existing divisions will give way to ten new branches which will become profit centres. The basic switch is away from organisation around markets to organisation around products.

The six divisions were construction material; pipework and engineering; packaging; refractory products; contracting; and distribution. These were created in the wake of the 1970 merger between Saint-Gobain and Pont-a-Mousson when the main desire was not to rock the boat and allow the two groups to get to know each other.

The main problem with such an organisation was the disproportionate weight of the construction material division accounting for 45 per cent of group sales and three-quarters of profits.

In addition, the divisions were tending to develop into semi-independent baronies, increasingly difficult to bring under central management control. They also represented amalgams of profit- and loss-making activities, not always easy to distinguish. Finally, each of the divisions had a "pilot" company at its head which itself developed diverse activities and blurred the lines of authority.

Under the new system there will be ten branches to look after, respectively: flat glass; fibres; glass containers; asbestos cement; piping; engineering; paper; refractory products; contracting and distributing. These branches will, on the whole, be much more evenly balanced in terms of sales than their predecessors.

The "pilot" companies will be stripped of their extraneous functions and will probably ultimately disappear.

A main objective is to be able to "identify the growth sectors" and the activities without much future in the group. M. Martin has made no secret of his desire to diversify towards higher technology products.

The changes involve the promotion of new blood to the top management rank, although the branch heads all have long experience in the group, a number of them in the field rather than at headquarters level.

Jacques Borel plans increase in capital

PLANS FOR an increase in capital sometime over the next five years will be put to shareholders of Jacques Borel International, the financially troubled French hotels group, at a general meeting on October 31.

The company is seeking approval for an increase in capital of FFr 100m. At present capital is 1.43m shares at FFr 100 nominal, making a capital value of FFr 143m. The company pointed out that no decision has been taken about when the money would be raised if approval is given. The company "has no cash problems at present."

In 1977 Borel returned a loss FFr 164m compared with a shortfall in 1976 of FFr 53.7m. It did not pay a dividend. Official estimates expect the company to move out of the red sometime in 1979.

German funds register August sales turnround

BY GUY HAWTIN FRANKFURT, Sept. 21.

WEST GERMAN investment funds recovered from their usual summer lull last month, with certificate sales by the 103 members of the Federal Association of Mutual Funds (BVI) totalling DM 638m ($325m). In July, more certificates were cashed in than sold.

A main reason for the turnround, said the BVI was that two major trust management concerns paid their annual dividends. Thus there was a good deal of money available for re-investment.

Certificate sales, on the other hand, were still well below the level of August last year and the cash inflow was some 30 per cent down on the comparable month of 1977. Even so, the total assets of the country's investment trusts had risen within a year by 27.5 per cent to DM 34.4bn.

According to the BVI report, its 18 equity-based funds sold certificates to the value of DM 109.6m in August, 19 per cent down on new sales in August 1977. Total assets during the same period, however, went up by 12.3 per cent to DM 12.3bn.

The 27 bond-based funds did well considering the situation in bond market. Certificate sales, at DM 502.5m, were, however, a third lower than in the same month a year earlier. The bond funds' total assets rose by 43.5 per cent to DM 18.3bn in the past 12 months, said the BVI.

The eight property based funds reported sales of DM 25.9m—only half as much as in July and a quarter down on August, 1977.

Wessanen deal

Koninklijke Wessanen, the Dutch foods group, has announced that its American subsidiary has purchased the assets of Marigold Foods, itself a subsidiary of Ward Foods of the U.S., AP-DJ reports from New York. The purchase price of some $30m is to be applied towards the reduction of Ward Foods' debt, according to that company.

Swiss Re holds dividend as profits show decline

BY JOHN WICKS ZURICH, Sept. 21.

NET PROFITS of Swiss Reinsurance Company, Zurich, fell to SwFr 71.5m ($46.55m) in the financial year ending June 30 from SwFr 75.6m for the 1976/77 period. Despite this decline, however, the board recommends payment of the SwFr 100 per share dividend paid for the previous business year.

Although group results for the calendar year 1977 have not yet been published, Swiss Reinsurance announces a fall in total premium income. This, however, has been due wholly to the rise in the Swiss Franc exchange rate, as premium income in terms of local currency rose substantially, the company said.

An underwriting loss is reported for casualty reinsurance and non-life reinsurance business, while life reinsurance showed a rather larger underwriting profit than in 1976. As for capital income, an increase in funds made up for falling yields and weaker exchange rates.

Meanwhile, the Swiss National Bank said the net surplus in foreign assets of domestic banks over their liabilities rose by SwFr 1.9bn in the second quarter to SwFr 26.9bn, excluding trustee business, Reuters reports.

Assets rose by SwFr 3.8bn over the first quarter to SwFr 83bn, while liabilities advanced SwFr 1.9bn to SwFr 56.1bn.

This compares with a surplus of SwFr 24.8bn at end-June last year on assets of SwFr 83.5bn and liabilities of SwFr 58.7bn.

Including trustee business, the net assets surplus rose by SwFr 2.7bn in the second quarter to SwFr 35.1bn compared with SwFr 33.8bn in the second quarter last year.

Trustee assets rose SwFr 3.2bn in the quarter to SwFr 61.9bn compared with SwFr 68bn in June last year, while liabilities rose SwFr 2.4bn to SwFr 53.7bn compared with SwFr 57bn at end-June, 1977.

Profits up at Zung Fu

By Our Financial Staff

ZUNG FU Company of Hong Kong, the offshoot of Jardine Matheson, the trading house, increased its consolidated profit after tax and allowance for minorities by about 6 per cent in the half-year to June 30, to HK$11.6m (US$2.4m), or 6.4 cents a share.

The increase took place in spite of delays in shipments of Mercedes-Benz cars caused by a factory strike.

The interim dividend is raised to 2½ cents, which represents an increase of 20 per cent on the 1977 interim, after allowing for the one-for-five scrip issue in May.

All departments are performing to expectation, say the directors, and the board expects, barring unforeseen circumstances, to recommend a final dividend of not less than 3½ cents, bringing the year's dividend to 6 cents, also representing a rise of 20 per cent.

Premium income rise for RAS

MILAN, Sept. 21.

ITALIAN insurance group Riunione Adriatica di Sicurta SPA (RAS) reports an increase of 13.1 per cent in parent company premiums to L118bn ($142m) in the first half of 1978. The figure does not include income from reinsurance or affiliates: affiliate premiums in the half year gained 14 per cent to L103.6bn.

Premiums for L'Assicuratrice Italiana SPA, the largest RAS subsidiary, were 12 per cent higher at L91.2bn. The improvement was due mostly to better results in motor underwriting. RAS reports that its ratio of premiums to liabilities is improving, although it is "concerned" about an increase of 24 per cent in the average cost of motor liability settlements.

AP-DJ

IFI earnings

Net profits of Istituto Finanziario Industriale (IFI), the holding company through which the Agnelli family controls Fiat, declined slightly in the year to June 30 from L5.35bn to L5.2bn ($6.3m), agencies report from Turin.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Allowances cushion Sleigh reverse

By Our Own Correspondent

SYDNEY, Sept. 21.

H. C. SLEIGH, the petroleum, shipping, woodchips, coal and rubber group, is planning a major reorganisation programme following a 25 per cent slump in earnings, from A$8.29m to A$6.15m (U.S.$7.15m) in the year to June 30.

The result would have been far worse but for a steep drop in the tax provision, from A$3.74m to A$1.3m, reflecting investment allowances of A$815,000 and trading stock valuation adjustment of A$609,000. The result was after a special provision of A$2m against profits in connection with the reorganisation programme, to avoid having these costs affect the 1978-79 profits. The reorganisation is expected to result in the entrenchment of some employees.

Despite the lower profit, the annual dividend has been held at 5.5 cents a share and is narrowly covered by earnings of 7.7 cents a share, compared with 10.6 cents in 1976-77.

The directors said the main factors affecting the result were cost increases in the marketing of petrol, which could not be passed on because of price controls in the industry.

The result was also affected by a loss in the shipping activities, but good figures were recorded in other activities, including export trading, woodchips, earth moving equipment sales and finance activities.

The directors said the cost to the company in being prevented from increasing oil prices sufficiently to cover cost increases was estimated at A$2.28m or A$1.23m after tax.

The Warkworth coal project in New South Wales was proceeding satisfactorily and a preliminary sample of 7,500 tonnes of steaming coal would soon be shipped to the Electric Power Development Company in Japan, under an agreement to supply the utility with 5m tonnes of coal in the 10 years from 1981.

Capitol Motors gives ANI results a boost

BY JAMES FORTH

SYDNEY, Sept. 21.

AUSTRALIAN National Industries, the engineering equipment hire, motor vehicle distribution and investment group, has lifted its dividend, and plans to raise A$7.0m for expansion after its eleventh consecutive increase in profit. Earnings for the year to June 30 increased almost 65 per cent, from A$8.89m to A$14.66m (US$17m), meeting earlier forecasts by directors that the profit would be at least A$14m.

The profit was boosted by a full year's contribution from the Datsun-BMW motor vehicle distributor, Capitol Motors, which was acquired last year. The actual profit of Capitol was not disclosed, but it was in line with earlier forecasts of around A$5.5m to A$6m.

The dividend is increased from 9.9 cents a share to 10.5 cents, and is covered by earnings of 32.7 cents a share, compared with 28.4 cents in 1976-77.

The higher earnings per share was achieved on capital increased during the year by a one-for-three cash issue and some conversion of convertible securities.

The directors announced that ANI will raise dollars A$7.03m through a private placement of 23.45m convertible preference shares, paid to 30 cents. The proceeds of the issue will be used to finance the group's overseas expansion programme.

Ordinary shareholders, the directors say will benefit from higher earnings per share and asset backing as the issue had been designed to delay conversion. The preference shares would be for a 10-year term carrying a 7.5 per cent dividend. They will be convertible on the basis of seven preference shares for one ordinary share, or an effective conversion price of $A2.10. ANI's ordinary shares are currently selling at A$1.75 on the sharemarket.

Expanding on the result, the directors said that the only sector to record a lower profit was the metal formings division. The hire service operation continued to expand, and achieved considerable growth while the engineering results were excellent.

The board added that they were budgeting for a further increase in profit and earnings per share in 1978-79 and were confident of the twelfth successive year of profit growth.

Major oil find in Bass Strait

BY OUR OWN CORRESPONDENT

SYDNEY, Sept. 21.

A NEW OIL FIELD has been discovered in the Bass Strait, off the coast of Victoria, which already supplies close to 70 per cent of Australia's crude oil requirements. The Bass Strait partners, Broken Hill Proprietary and Esso, a subsidiary of the U.S. oil major, Exxon today announced a "significant new oil accumulation" in the West Halibut I well, near the producing Halibut field. The partners have already labelled the accumulation as the Fortescue field.

More drilling will be needed to determine the extent of the field and further tests are being carried out to determine the commercial significance of the shows. But, the fact that the partners have talked of a field at this stage and a significant find is considered a strong pointer that the discovery will prove commercial. It is certainly the most optimistic early statement released by the partners for several years.

Observers suggest that at this stage the partners feel that the Fortescue Field is similar to the Cobia and West Kingfish fields, which are currently being developed, and each contain reserves of about 150m barrels.

Cobia is also close to halibut, while West Kingfish is close to the producing Kingfish oilfield. It is geologically difficult to tell whether these fields are separate structures or extensions of the nearby producing fields. The distinction is significant because new discoveries receive full import parity for the crude produced.

Monier expands in U.S.

BY OUR OWN CORRESPONDENT

SYDNEY, Sept. 21.

CONCRETE INDUSTRIES (Monier), the major Australian concrete and building products group in which Redland of the UK holds a 47 per cent stake, plans to build two more concrete roofing tile plants in the U.S. for more than A$5m. The plants will be at Houston, Seattle and will take the number of tile plants operated by Monier in the U.S. to 13, including one in Hawaii.

The latest move is part of a planned expansion programme in the U.S. over the next five years. Monier, which is now the largest roofing tile manufacturer in the U.S., is expected soon to announce a further expansion of its investment in the Malaysian roofing tile industry. Monier has been operating in the U.S. for several years. Recently, another Australian group, Boral also moved to the U.S., with the acquisition of 55 per cent of Californian Tile, while a third Australian group, Humes is reportedly also considering making roofing tiles in the U.S. The Monier plants are expected to be in production in the first half of 1979.

Aid appeal in Japan for textile trader

By Yoko Shibata

TOKYO, Sept. 21.

JAPAN'S THREE major synthetic fibre manufacturers, Toray, Asahi Chemical and Teijin, have appealed to the Ministry of Finance to extend Government assistance for the reconstruction of Ichimura Sangyo, a leading textile trading house handling the products of small spinners along the Japan Sea coast of Honshu Island.

The request which was made personally to the Minister of Finance by the president of the three companies, includes a proposal that state-owned banks should cut interest rates on loans to Ichimura Sangyo.

Ichimura (one of the largest non-quoted companies in the textile business) began to get into trouble late last year when yen appreciation hit the exports of smaller Japanese spinners. A rescue team to put the company back on its feet was brought together early in 1978 by five major synthetic fibre manufacturers, headed by Toray, and eight banks, headed by Hokkoku Bank.

The plan calls for the establishment of a second company to carry on Ichimura's business and the rescheduling over 16 years of the existing company debts (amounting to Y29.8bn, equivalent to some $155m). Government assistance has been sought because the private companies in the rescue team feel unable to shoulder the full burden.

The Finance Ministry has pledged to study concrete measures to assist the rescue of Ichimura Sangyo, apparently taking into account the implications of failure for the textile-dependent region in which the company operates. Because of the political implications of failure the Ichimura Sangyo case bears some resemblance to the case of Sasebo Heavy Industries, an ailing shipbuilder in Kyushu which is being rescued in part with Government assistance.

Move towards yen CD trial issues

TOKYO, Sept. 21.

THE JAPANESE Finance Ministry may allow commercial banks to issue negotiable certificates of deposits (CDs) in yen in Japan on a trial basis, Mr. Hiromi Tokuda, the director-general of the Ministry's banking bureau, said here.

The Financial System Research Council is discussing the question, and the advisory body would probably reach a conclusion in the first half of 1979, he told a business school seminar.

The Ministry had power to introduce CDs without waiting for the Council to reach its decision and might do so on a limited scale, restricting the volume of issues so as to prevent confusion in the Japanese capital market.

Mr. Tokuda also said that it would be difficult to respond to a demand from Japanese industries for a lowering of long-term interest rates in Japan at this stage.

This was because the secondary bond market was still recovering on a long-range basis from a bottom reached in April-May this year, while the operational costs of Japanese banks, which had to subscribe to the bulk of national bond issues, could not be lowered. Reuter

Sharp gain in DKH half-year earnings

BY WONG SULONG

KUALA LUMPUR, Sept. 21.

THE INTERIM pre-tax profits of the Malaysian tin smelter, Datuk Keramat Holdings (DKH) rose sharply by 64 per cent to 15m ringgits (U.S.$6.5m) due to buoyant conditions in the tin industry. The group's sales rose by 27 per cent to 488m ringgits ($212m).

DKH said tin prices during the period ending July rose by 10 per cent, to 1,643 ringgits per pikul, and this stimulated a substantial inflow of tin concentrates for smelting, especially from foreign sources.

The group's investments in tin companies in Malaysia also contributed significantly to overall profits, increasing as it were, by 77 per cent to nearly 2m ringgits.

However, because of the higher tin prices, and the higher volume of foreign tin concentrates, DKH had to turn to external sources of funds to meet its financial commitments to clients, and as a result, there was a turnaround in interest. While it earned 460,000 ringgits in interest during the first half of the last financial year, it had met interest charges of 50,000 ringgits in the current first half.

The group is declaring a record interim dividend of 61.5 cents per one ringgit share, and directors predict that the group would achieve another year of record profits.

DKH's shares are being traded on the Kuala Lumpur Stock Exchange at around 11.5 ringgits.

Rakyat recovery plan

BY OUR OWN CORRESPONDENT

KUALA LUMPUR, Sept. 21.

BANK RAKYAT the Malay co-operative bank which is now under new management appointed by the Malaysian government, today announced it was taking steps to try to recover some of the 67.7m ringgits (U.S.$29.4m) losses it had incurred under its former chairman, Mr. Datuk Harun Idris.

Mr. Datuk Harun, the former Selangor Chief Minister, is now serving a four-year jail term for criminal breach of trust and forgery relating to the bank's funds.

The new bank chairman, Mr. Tengku Ngah, said today that legal action was being taken against certain firms and individuals for loans made to them.

Bank Rakyat is also suing the Kuala Lumpur branch of Citibank Bank of New York for 6m ringgits which was spent in staging the Muhammed Ali-Joe Bugner fight here in 1975. The fight was made possible by Citibank issuing letters of guarantee for the purses.

Mr. Tengku Ngah said the new management of Bank Rakyat has undertaken a major reorganisation of the bank and its subsidiaries. Those subsidiaries not related to the bank's main business would be wound up.

The Malaysian Prime Minister, Mr. Datuk Hussein Onn, disclosed over the weekend that the bank is asking the Government for a loan of 100 to 150m ringgits to enable it to stand on its feet again. A White Paper on the affairs of the bank would be tabled at the coming session of Parliament.

The bank has a membership of over 23,000, most of whom are Malay farmers and fishermen.

● Singapore Finance boosted its net profit from S$2.1m (U.S.$950,000) to S$2.3m (U.S.$1m) in the year ended April, AP-DJ reports from Singapore. The directors are recommending a first and final dividend of 9 per cent.

Edgars Stores confident of growth

By Richard Rolfe

JOHANNESBURG, Sept.

THE RETAILING group, E[dgars] Stores, which has 434 outl[ets in] southern Africa, primari[ly] South Africa and Rhodesia, [says] in its annual report for th[e year] ended July 8 that there ha[s been] a modest improvement in g[eneral] business conditions and t[hat it] has budgeted for "significa[nt in]creases" in sales and [profits] during the current year.

Edgars, which claims to [be the] largest retailer of clothing[, foot]wear and household texti[les in] Africa, reported sales up [from] R170m to R194m ($223m) [last] year and profits up from R[...] to R16.5m pre-tax. The di[vidend] per share was raised from [...] to 235c and at 3,375c the yield 7 per cent.

The company's policy is [to in]crease dividend cover, whic[h was] brought up to 2.1 times las[t year] with earnings per share [up] from 354.1c to 504c. Borr[owings] have been reduced from R[...] to R34m as a result an[d] from 86 per cent to 69 pe[r cent] of shareholders' funds.

Advance at Hong Kong property gro[up]

By Ron Richardson

HONG KONG, Sept

HOPEWELL HOLDINGS [...] construction and property [...] raised group net profit [...] per cent in the year to J[une] to HK$56.34m (U.S.$11.9m) [...] result maintained the steady growth of the pa[st] years.

In a brief preliminary [state]ment, directors said th[e] dividend for the year wo[uld be] raised to 20 cents a share [from] last year's 15 cents with [a final] payment of 14 cents, co[mpared] with 10 cents last year. [Books] will close on October 28 to [deter]mine entitlements.

NEW CONTROL AT CANADA'S TROUBLED MASSEY-FERGUSON

STEWART FLEMING REPORTS

Battle for giant holding company

...BER TEN Toronto Street building easily overlooked. ...d in the heart of Canada's ...cial capital, the city of ...nto, its neo-classical ele... is lost among the sur...ding tower blocks. Only the ...er above the black double ... indicates that this is the ...quarters of Argus Corpora... one of Canada's most ...rful financial dynasties. ...s is the company which for ...ies has in practice control... Massey-Ferguson, the finan... troubled farm equipment ...facturer.

...roughout this spring and ...ner, as Massey has lum... deeper and deeper into a ...cial crisis, influential Can... financiers have been wag... a battle for control of ... Mr. Conrad Black, the ...r-old businessman who ap... to be the victor in that ..., concedes that the dis... at Argus spilled over to Massey boardroom, where ...ngs, he says, at times be... "disorderly."

...was more than Massey-...son that the fight was ... As well as its 16.4 per interest in Massey, Argus similar minority share ... in several other leading ...dian businesses including, ...xample, its 23.9 per cent ...ng in the C$2bn a year ...markets group, Dominion ..., the country's largest ...retailer.

...ost out

...ough such minority share ... Argus has held sway over ... totalling over $3.5bn. in ...nies with annual sales ...es in 1977 of $6bn. One ...on now is, can Argus, ...h such minority holdings, ...ue to exercise this power? ...lex Barron, still a direc... Massey and Argus but one ... group generally seen to ... lost out to the Black ...sts, said this week from ...l in Mexico City that the ... is not over. Employing ...ll terminology, he ...ked: "We are still at the ...f the seventh innings." ...seball, nine innings are ... unless there is a tie.

...de the Argus headquarters ...hard to imagine that this ...environment has been the ... of one of the most ...ing, and at times bitter, ...ate fueds to have hit ...a's tightly-knit financial ...unity.

...rad Black, the new "Metro ..." as the local Press ...ts in describing him, who ... chairman of Massey and ...ent of Argus, is not at all ...apper, waistcoated young ...reneur. Mr. Black's 6-ft ... instead moves stolidly ...l the office in a dowdy... suit. A former history ...aw graduate and bio...r of the former Quebec ...er, Maurice Duplessis, he ... to enjoy the role of rebel ...t an entrenched establish...

...earances can often be mis...g. Examining the events in the past few months have brought Mr. Black, his brother Montegu, and their associates into such a potentially powerful position in Canadian business, it is hard not to accept his own description of himself as "the strategist and catalyst" directing what has the makings of a management revolution at Argus and its associated companies.

To understand some of the forces shaping these changes, it is necessary to go back to the formation of Argus in 1945 by a group of financiers and businessmen. The founder of Argus, Mr. E. P. Taylor, built his fortune buying breweries in the depression years. He created Canadian Breweries, the chief operating officer of which was Mr. George Black, Conrad Black's father.

Along with Mr. Taylor, the original founders of Argus were W. Eric Phillips, John ("Bud") McDougald and Walter McCutcheon who, at one point, was a member of the Diefenbaker Government.

Argus was, and remains, a strange company. Holding only minority stakes in several major Canadian companies, in practice it has dominated their policies without becoming involved in day-to-day administration. It did this through what Mr. Alex Barron described this week as the force of the personalities involved as much as the minority shareholdings and interlocking directorates.

This domination of a majority of shareholders by a determined minority has been, and is, a controversial issue. In suggesting that the battle may not be over at Argus and its associates, Mr. Barron was suggesting that Argus's power as a minority shareholder can and may be challenged.

In recent years, the Argus founder who dominated the empire was John (Bud) McDougald. He was chairman and president of Argus, chairman of Dominion Stores, Massey-Ferguson and Standard Broadcasting. At Domtar, the 23rd largest industrial company in Canada and another in the Argus fold, the chairman was Mr. Maxwell Meighan. The son of former Canadian Prime Minister Arthur Meighan, his interests came into the Argus operation in the late 1950s when investment trusts with which Mr. Meighan was associated (and in which his family had minority stakes) bought Argus stock. Like other Argus directors, including Alex Barron and Mr. A. Bruce Matthews, Mr. Meighan and Mr. McDougald sat on several Boards of Argus associates.

Power vacuum

The critical event in this year's battle for control of Argus occurred on March 15, 1978, when Bud McDougald died. The ageing autocrat's death left a power vacuum in the empire.

The key to the events which unfolded in the wake of his death is a small private company called Ravelston Corporation. Ravelston's sole asset (it has no liabilities) was at the time of Bud McDougald's death shares in Argus voting equity amounting to 61.7 per cent of the voting capital. Thus, whoever controlled Ravelston controlled Argus and, hitherto, its associated companies.

At Mr. McDougald's death, the owners of Ravelston were his widow, Mrs. Maude McDougald (23.6 per cent), her sister and the widow of another Argus founder, Mrs. Doris Phillips (23.6 per cent), the Black family interests (22.4 per cent), interests related to the Meighan family (26.5 per cent) and Mr. Bruce Matthews (3.9 per cent). Both the widows are in their seventies.

In the wake of Bud McDougald's death, the lines of the subsequent conflict were quickly drawn. The older generation of Ravelston and Argus directors, including Mr. Max Meighan (70), his close business associate, Alex Barron, and Mr. Bruce Matthews (68) moved into positions of greater power in several Argus companies, even though their combined shareholdings in Ravelston added up to only 30.4 per cent.

Thus at Argus, in succession to Mr. McDougald, Mr. Meighan became chairman, Mr. Matthews president and Mr. Alex Barron executive vice president, a post previously held by Mr. Matthews. And at Massey-Ferguson, Mr. Matthews also became chairman, with Alex Barron taking over as chairman of the executive committee. At the same time, in April, Conrad Black joined the Massey Board.

Mr. Matthews also assumed the chair left vacant by Mr. McDougald's death at Dominion Stores, where Mr. Barron and Mr. Meighan were directors on the executive committee.

Commenting on events following Bud McDougald's death, Conrad Black says that the day after his death he and his brother Montegu met for dinner with Alex Barron and pressed their claims for increased status in the Argus companies. By chance, this meeting took place on March 16, the day after Mr. McDougald died. But it had been arranged beforehand, both parties say.

Mr. Black says that at a subsequent executives' committee meeting of Argus on March 22, their expectations were not fulfilled. "None of those aspects of augmenting our status were within the apparent power of recollection of those three individuals," he remarked dryly. Alex Barron remembers the meetings, too, but he says that while he did agree to use his influence to further the Black family's claim for increased authority in Argus, he could scarcely commit Mr. Meighan and Mr. Matthews, who were not at the dinner.

He says of the changes at the March 22 Argus executive committee meeting that these were, in part, already being prepared and there was not enough time to take account of the Black family claims so soon after Mr. McDougald's death.

Mr. Black says that subsequently he made it clear that he was not satisfied and did not feel he was being treated as an equal partner in Ravelston and Argus. A close and influential associate says he advised Black "to lay low and let the Meighan crowd dig their own grave."

Two months later, on May 16, that grave had been dug. On that day, Conrad Black was able to exercise a legal clause in the Ravelston shareholders' agreement which allowed any of the partners with 51 per cent of the votes to buy out one of the others. The Black group had secured the support of two widows (Maude McDougald and Doris Phillips), controlling 47 per cent of Ravelston and were able (with their own 22.4 per cent stake) to issue a compulsory purchase order to the Meighan interests.

Why the widows agreed to support the Black family remains a mystery. Some have suggested that they did not fully understand what they were doing. Alex Barron says that Max Meighan told him that the widows' subsequently regretted the decision. Conrad Black says that family ties and the fact that the sisters had not had close social ties with the Meighan group may have been among the factors. He suggests that the sisters were unhappy at not having been consulted about some of the changes at the Argus companies.

By July 5, however, another spectacular development occurred. The Black interests were able to buy out the two widows (according to Alex Barron for a price of $C18.4m, valuing Argus at $C38 a share). Two sources, one close to Black the other to Alex Barron, have said that there was a falling out between the Black interests and the sisters which led to the sale. But once again, the sisters' motives for selling remain unclear.

The Black interest's control of Ravelston, and therefore Argus, quickly made itself felt. Within a week Conrad Black was elected president and chairman of the executive committee of Argus. One of his associates, Mr. Nelson Davis, replaced Max Meighan as chairman of Argus. Subsequently, Conrad Black himself became chairman of Massey-Ferguson, replacing (in August) Mr. Bruce Matthews who had replaced (on his death) Bud McDougald.

But how much influence, through control of Argus will the Black family and its associates be able to gain, and then wield, at other companies in the Argus portfolio? There are no Board members at Domtar clearly associated with the Black group and the same is true at Hollinger Mines. At Dominion Stores, two directors generally associated with the Black family, Dixon Chant and Conrad's brother, Montegu, joined the company's executive committee in August. But Messrs Meighan, Barron and Matthews are also committee members. Conrad Black himself suggests that only at Domtar is there a real question about Argus being able to influence the associated companies, although he wonders whether, in the 1970s and 1980s, the traditional Argus relationship will remain viable.

Throughout the struggle, Conrad Black has said consistently that his aim was to reconstitute a financial partnership similar to the one that founded Argus. He agrees that it is possible that businessmen associated with him including Frederik S. Eaton (chairman of the Eaton department stores group), his cousin Ronald Riley, a vice-president of Canadian Pacific, H. N. R. Jackman, a Massey Board member and chairman of Empire Life, Dixon Chant and Nelson Davis will be offered Ravelston stock.

One of the associates suggests that Argus will look increasingly to the U.S. for expansion, partly because of fears about Canadian taxation and the policies of the Trudeau Government.

But before ambitious plans can be followed, it would seem that the crisis at Massey-Ferguson will have to be overcome. Conrad Black says that Massey's bankers would be "shakier of knee and sweatier of palm" were it not for the Argus shareholding in Massey. He argues that with Victor Rice installed as "the undisputed boss of Massey" operations, himself playing an active role as chairman and Albert Thornbrough remaining as "a source of solicited advice and a necessary point of reference regarding routine business operations," there is a greater stability at the centre of Massey.

Clearly, Massey will be seen as the first test of the new owners of Argus Corporation. In the future their influence at other minority held corporations in the Argus fold may also be tested.

ARGUS CORPORATION MAIN HOLDINGS

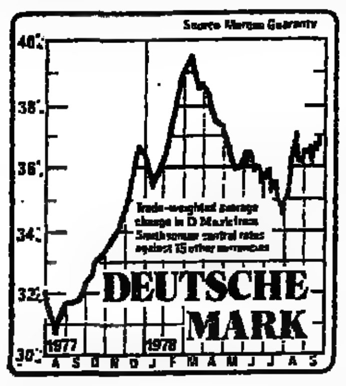
	per cent	Sales $	Net Income $
Massey-Ferguson	16.4	2.8bn	32.7m*
Dominion Stores	23.5	2.2bn	20.8m
Domtar	16.9	1.0bn	26.8m
Standard Broadcasting	[illegible]	36.6m	4.7m
Hollinger Mines	[illegible]	48.9m	19.6m

* First nine months 1978 $145m loss

Currency, Money and Gold Markets

Dollar falls to record levels

The dollar continued to decline in yesterday's foreign exchange market and sank to record levels against some currencies. Trading has been largely influenced by Arab opposition to the Camp David agreement between Egypt and Israel. However, this seems to be the focal point at the moment and has little bearing on the fact that most investors hold little hope of any magical recovery by the U.S. currency or any radical change in the ailing U.S. economy. In short the dollar appears to be suffering from a severe case of lack of confidence. The sharp drop occured very early on in the day but with



support from several central banks, the U.S. currency recovered some lost ground before weakening once more with the opening of U.S. centres. However, profit-taking arrested the decline and with further official support the dollar finished at what could be described its best level for the day.

Against the Swiss franc it finished at SwFr 1.5170, its worst closing level ever, compared with SwFr 1.5380 on Wednesday. At one point very soon after the opening of trading, it fell to SwFr 1.5100. On the other hand, the West German mark rose from DM1.9615 to the dollar on Wednesday to DM1.9320, having touched DM1.9445 at one point. While the Canadian dollar closed at 85.53½ U.S. cents compared with 85.45½, it was quoted as low as 85.37 U.S. cents during the day, its worst level ever.

Using Morgan Guaranty figures at noon in New York, the dollar's trade weighted average depreciation widened to 9.6 per cent from 9.3 per cent and the Swiss franc's appreciation rose to a record 108.5 per cent from 104.1 per cent on Wednesday.

Sterling opened at $1.9855-$1.9865 and rose to a best level of $1.9945-1.9960 as early as 9.30 a.m. A recovery in the dollar towards midday pushed the rate back to $1.9810 and the pound saw $1.9875 during the afternoon before closing at $1.9805-1.9815, a rise of 20 points. The stronger European currencies' appreciation against the dollar was reflected in the pound's trade-weighted index which the Bank of England calculates. This showed sterling at 63.3 in the morning but eased to 63.2 at noon and closed at 63.1, compared with 63.2 at the close on Wednesday.

FRANKFURT—The rollar was

FRANKFURT—The dollar was DM1.9562 on Wednesday and although the Bundesbank did not appear to intervene during the fixing period there was some indication that both the Swiss and German Central banks gave support to the dollar during the morning. Trading remained nervous and in the absence of any buying interest there seemed to be little prospect of any imminent reversal in the present trend. The Swiss franc's rapid appreciation so pushed it to a record high against the D-mark at the fixing to DM1.2879 against Wednesday's fixing of DM1.27242. The Bundesbank trade-weighted mark revaluation index, against 22 currencies, rose to 148.4 from 148.1.

NEW YORK—Following on its poor performance in Europe, the dollar opened sharply lower against most currencies and was quoted at SwFr 1.5140 against the Swiss franc from SwFr 1.5255, and DM 1.9505 from DM 1.9600 against the D-mark.

MILAN—The lira was sharply stronger against the dollar and the latter was fixed at L824.25 compared with L826.7 previously.

TOKYO—The dollar lost ground against the yen to close at Y187.825 compared with Y190.025 on Wednesday. After opening at Y188.50, the U.S. currency touched a low point of Y187.60 and a best level of Y188.80. The dollar's movement generally reflected the present trend in Europe. Turnover was high at $682m for spot dealings and $631m for combined forward and swap trading.

BRUSSELS—The Belgian franc was fixed at its floor level against the D-mark within the European "snake" at BFr 15.765 for the second day running and the Central Bank sold around DM 1.8m at the fixing. The franc has been at its lowest permitted level since the mark's strong appreciation against the dollar.

PARIS—The dollar was fixed at Fr 4.35025 compared with Fr 4.366 on Wednesday, while the West German mark rose to Fr 2.2351 against Fr 2.2300 previously.

AMSTERDAM—The dollar was fixed at Fl 2.1195 compared with Fl 2.1275 at Wednesday's fixing.

THE POUND SPOT / FORWARD AGAINST £

Sept. 21	Bank rate %	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S. $	7¾	1.9800-1.9960	1.9805-1.9815	0.55-0.45c.pm	3.03	1.40-1.30c.pm	2.73
Canadian $	8½	2.3130-2.3320	2.3145-2.3155	0.60-0.50c.pm	2.85	1.60-1.50c.pm	2.68
Guilder	4½	4.19¼-4.25½	4.19½-4.20½	2⅛-1⅛c.pm	5.35	8-5c.pm	6.23
Belgian F.	6	60.85-61.50	60.90-61.00	15-5c.pm	1.97	52-42c.pm	3.08
Danish K.	8	10.67½-10.71¼	10.68-10.69	2-4 ore dis	-3.37	4-6 ore dis	-1.87
D-Mark	3	3.86-3.89½	3.86½-3.87½	3⅛-2⅛pf pm	8.14	8¾-7¾pf pm	8.53
Port. Esc.	18	82.25-90.25	89.50-89.70	60-150c dis	-15.41	208-460c dis	-14.55
Span. Pes.	8	144.55-145.55	144.70-144.60	par-100c dis	-4.15	150-250c dis	-5.53
Lira	10½	1,631½-1,640½	1,632-1,633	¼-2¼ lire dis	-1.10	6-8 lire dis	-1.72
Nrwgn. K.	7	10.23½-10.26	10.23½-10.24½	3-1 ore pm	2.34	4½-2½ ore pm	1.46
French Fr.	9½	8.64-8.68	8.65½-8.66½	5½-2½c.pm	5.61	7-5c.pm	3.00
Swedish Kr.	6½	8.70½-8.75	8.71½-8.72½	5½-1½ ore pm	3.18	8¾-6¾ ore pm	3.44
Yen	3½	370-378	371½-375½	3.35-3.00y pm	10.22	8.85-8.50y pm	9.42
Austria Sch.	4½	27.80-28.10	27.95-28.05	17-7 gro pm	5.15	40-30 gro pm	5.08
Swiss Fr.	1	3.00-3.05½	3.00½-3.01½	3¼-2¼c.pm	10.97	9-8c.pm	11.51

Belgian rate is for convertible francs. Financial franc 63.40-63.50.

Six-month forward dollar 2.62-2.25c pm 12-month 4.95-4.85c pm.

THE DOLLAR-SPOT / FORWARD AGAINST $

September 21	Day's spread	Close	One month	% p.a.	Three months	% p.a.
Canad'n $*	85.37-85.63	85.60-85.63	0.61cdis-0.01cpm	-0.14	0.02cdis-0.01cpm	0.02
Guilder	2.1190-2.1215	2.1200-2.1215	0.52-0.47c pm	2.77	1.38-1.33c pm	2.64
Belgian Fr	30.70-30.77	30.74-30.77	3-1½c pm	1.44	9-7c pm	1.31
Danish Kr	5.3670-5.3940	5.3925-5.3940	2.50-3.00oredis	-6.13	6.00-6.50oredis	-4.64
D-Mark	1.9485-1.9520	1.9510-1.9520	0.93-0.83pf pm	5.39	2.91-2.86pf pm	5.90
Port. Esc	45.15-45.30	45.15-45.25	25-145c dis	-22.57	90-400c dis	-21.68
Lira	822.75-824.75	824.25-824.75	[illegible]	-3.67	7.75-8.50liredis	-3.47
Nrwgn. Kr	5.1570-5.1700	5.1690-5.1700	par-0.50ore dis	-0.58	1.30-1.80oredis	7.29
French Fr	4.3480-4.3725	4.3675-4.3725	0.50-0.30c pm	1.87	0.50-0.30c pm	0.36
Swedish Kr	4.3885-4.4035	4.4025-4.4035	0.40-0.20ore pm	0.81	1.10-0.90ore pm	0.90
Yen	187.00-188.00	187.60-187.80	1.20-1.10y pm	6.95	3.22-3.12y pm	6.70
Austria Sch	14.11-14.15	14.14-14.15	[illegible]	3.19	10.00-7.50gro pm	2.48
Swiss Fr	1.5135-1.5218	1.5135-1.5150	1.07-1.03c pm	8.73	3.37-3.33c pm	8.87

* U.S. cents per Canadian $.

CURRENCY RATES

September 20	Special Drawing Rights	European Unit of Account
Sterling	0.643842	0.652769
U.S. dollar	1.27719	1.30689
Canadian dollar	1.49612	1.52748
Austrian schilling	18.0946	18.5107
Belgian franc	39.4332	40.3255
Danish krone	6.88278	7.04561
Deutsche Mark	2.50099	2.55835
Guilder	2.71722	2.78035
French franc	5.57621	5.70489
Lira	1055.92	1080.12
Yen	242.666	246.082
Norwegian krone	6.62831	6.76285
Peseta	93.3351	95.9446
Swedish krona	5.62027	5.74637
Swiss franc	1.96560	2.00676

CURRENCY MOVEMENTS

DATE	Bank of England Index	Morgan Guaranty changes %
Sterling	—	-40.6
U.S. dollar	—	-7.6
Canadian dollar	—	-17.0
Austrian schilling	—	+17.5
Belgian franc	—	+13.1
Danish krone	—	+4.6
Deutsche Mark	—	+36.9
Swiss franc	—	+106.5
Guilder	—	+17.6
French franc	—	-6.2
Lira	—	-47.0
Yen	—	+52.8

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Sept. 21	£	$		£ Note Rates
Argentina Peso	1,696-1,700	856.13-858.15	Austria	27.50-28.50
Australia Dollar	1.7102-1.7152	0.8633-0.8658	Belgium	62.00-63.00
Finland Markka	8.0150-8.0350	4.0365-4.0385	Denmark	10.60-10.75
Brazil Cruzeiro	37.61-38.61	18.98-19.49	France	8.60-8.70
Greece Drachma	72.048-73.808	36.37-37.26	Germany	3.84-3.94
Hong Kong Dollar	9.40½-9.42½	4.74½-4.75	Italy	1600-1650
Iran Rial	137-141	69.16-71.18	Japan	370-380
Kuwait Dinar (KD)	0.537-0.547	0.2710-0.2761	Netherlands	4.15-4.25
Luxembourg Franc	60.90-61.00	30.76-30.78	Norway	10.20-10.30
Malaysia Dollar	4.51-4.52½	2.2830-2.2850	Portugal	89-105
New Zealand Dollar	1.8600-1.8670	0.9390-0.9425	Spain	144-149
Saudi Arabia Riyal	6.55-6.65	3.30-3.36	Switzerland	2.95-3.05
Singapore Dollar	4.41-4.42½	2.2315-2.2335	United States	1.98-1.99
South African Rand	1.7174-1.7435	0.8670-0.8800	Yugoslavia	38.00-41.00

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Sept. 21	Pound Sterling	U.S. Dollar	DeutscheMark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.981	3.870	372.5	8.660	3.008	4.205	1634.	2.315	60.95
U.S. Dollar	0.505	1.	1.954	188.0	4.372	1.518	2.121	824.1	1.169	30.77
Deutsche Mark	0.258	0.512	1.	96.26	2.238	0.777	1.086	421.8	0.598	15.75
Japanese Yen 1,000	2.685	5.316	10.39	1000.	23.25	8.074	11.28	4385.	6.215	163.6
French Franc 10	1.155	2.288	4.469	430.1	10.	3.473	4.853	1885.	2.673	70.38
Swiss Franc	0.333	0.659	1.287	123.8	2.879	1.	1.397	542.8	0.770	20.27
Dutch Guilder	0.238	0.471	0.921	88.64	2.061	0.716	1.	388.5	0.551	14.50
Italian Lira 1,000	0.613	1.213	2.371	228.2	5.305	1.843	2.574	1000.	1.418	37.34
Canadian Dollar	0.432	0.856	1.672	160.9	3.741	1.299	1.815	705.2	1.	26.33
Belgian Franc 100	1.641	3.250	6.349	611.2	14.21	4.934	6.895	2678.	3.798	100.

EURO-CURRENCY INTEREST RATES*

Sept. 21	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	14-15	8⅜-8⅝	8¼-9¼	4¾-5	¼-½	3⅝-3⅞	7-7¼	9-13		2¾-4¼
7 day's notice	15-15½	8½-8¾	8¼-9¼	4¾-5	⅞-1⅛	3⅜-3⅝	7⅝-7⅞	14-15	8⅜-8¾	1½-2½
Month	11¾-12¼	8⅞-9⅛	8⅞-9⅛	5⅞-6⅛	⅜-⅝	3⅜-3⅝	7⅝-7⅞	12½-13½	8⅞-9⅛	1⅜-1⅝
Three months	11¾-12¼	9⅛-9⅜	9-9⅜	5⅞-6⅛	⅝-⅞	3⅝-3⅞	8⅝-8⅞	12½-13½	9⅛-9⅜	2⅛-2⅜
Six months	12¼-12½	9⅛-9⅝	9⅛-9⅝	6⅞-7⅛	⅞-1	3⅝-3⅞	9⅛-9⅝	12¾-13¾	9⅛-9⅝	2⅜-2⅝
One year	12⅛-12½	9⅛-9⅝	9⅛-9⅝	6⅞-7⅛	1-1⅛	3⅝-3⅞	9¾-10	13½-14½	9⅛-9⅝	2⅜-2⅝

The following nominal rates were quoted for London dollar certificates of deposit: One month 8.70-8.80 per cent; three months 8.90-9.00 per cent; six months 9.15-9.25 per cent; one year 9.15-9.25 per cent.

Long-term Eurodollar deposits: Two years 9¼-9½ per cent; three years 9⁷⁄₁₆-9⅝ per cent; four years 9⁷⁄₁₆-9⅝ per cent; five years 9⁷⁄₁₆-9⅝ per cent nominal closing rate. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Confusion on Fed Funds

Federal funds were quoted at 8¾ per cent compared with 8⁷⁄₁₆ per cent in early trading, after closing at 8¾ per cent on Wednesday following a signal of tighter monetary policy by the Federal Reserve. Mr. G. William Miller, chairman of the Federal Reserve Board, said that he did not tell Mr. Robert Mckinney, the Federal Home Loan Bank Board chairman, the current target rate for Federal Funds, and that "obviously a mistake has been made." Mr. Mckinney had previously released a statement saying that he had been informed that the Fed Funds target rate had been lifted to 8¾ per cent.

In a statement released late on Wednesday Mr. Miller said that this statement came as a complete surprise. Mr. Miller added that he had been unable to reach Mr. Mckinney for clarification.

Treasury bill rates were little changed in New York, with 13-week bills rising to 8.09 per cent from 8.06 per cent, while 26-week bills were unchanged at 8.10 per cent, and 12-month bills were unchanged at 8.08 per cent.

PARIS—Day-to-day money was unchanged at 7⅛ per cent, while period rates were ⅟₁₆ per cent higher at 7¼-7⅜ per cent for one-month; 7⅜-7½ per cent for three-month; 7⅜-7⅞ per cent for six-month; and 8⅛-8¼ per cent for 12-month.

FRANKFURT — Short-term interbank rates were generally steady, with longer periods slightly firmer. Call money was unchanged at 3.45-3.55 per cent; one-month and three-month were also unchanged at 3.55-3.76 per cent and 3.70-3.75 per cent respectively. Six-month funds firmed to 4.00-4.10 per cent from 3.95-4.10 per cent, and 12-month to 4.15-4.25 per cent from 4.10-4.25 per cent. The Bundesbank central council left credit policy unchanged yesterday, at its fortnightly meeting, in line with market expectations.

HONG KONG—The money market was tight, with call and overnight funds dealt at 7 per cent, compared with 6½ per cent for call and 6½ per cent for overnight previously.

GOLD

Record level

Gold rose $2 an ounce in the London bullion market yesterday to reach an all time closing high of $215¾-216¼. The metal opened at $216½-217 and was fixed during the morning at $215.90. The afternoon fixing showed a slight decline to $215.65 although it touched its best level again before the close. Trading was described as fairly active and reflected the continuing poor performance by the U.S. dollar.

	Sept. 21	Sept. 20
Gold Bullion (a fine ounce)		
Close	$215¾-216¼	$213¾-214¼
Opening	$216½-217	$213-213½
Morning fixing	$215.90 (£108.858)	$212.50 (£107.838)
Afternoon fixing	$215.65 (£108.749)	$212.60 (£107.595)
Gold Coins domestically		
Krugerrand	$223½-225½ (£112½-113½)	$221½-223½ (£111½-112½)
New Sovereigns	$61½-63½ (£31½-32½)	$61½-63½ (£31-32)
Old Sovereigns	$61½-63½ (£31-32)	$61½-63½ (£31-32)
Gold Coins internationally		
Krugerrand	$221½-223½ (£111½-112½)	$219½-221½ (£111-112)
New Sovereigns	$57½-59½ (£29-30)	$57½-59½ (£29½-30½)
Old Sovereigns	$61½-63½ (£31-32)	$61½-63½ (£31-32)
$20 Eagles	$315-318	$312½-314½
$10 Eagles	$166-169	$163½-166½
$5 Eagles	$113-116	$113½-116½

MONEY RATES

NEW YORK

Prime Rate	9.5
Fed Funds	8.40625
Treasury Bills (13-week)	8.09
Treasury Bills (26-week)	8.10

GERMANY

Discount Rate	3
Overnight	3.475
One month	3.6
Three months	3.725
Six months	4.05

FRANCE

Discount Rate	9.5
Overnight	7.125
One month	7.3125
Three months	7.4375
Six months	7.8125

JAPAN

Discount Rate	3.5
Call (Unconditional)	4.125
Bills Discount Rate	4.625

UK MONEY MARKET

Very large assistance

Bank of England Minimum Lending Rate 10 per cent (since June 8, 1978)

Day-to-day credit was in very short supply in the London money market yesterday and the authorities were required to give very large assistance by buying a very large amount of Treasury bills and a small number of local authority bills. Discount houses paid 8¼-8¾ per cent for secured call loans at the start although most money was found at 8¾-9 per cent. Closing balances were taken between 9 per cent and 10 per cent. The market was faced with a sizeable excess of revenue transfers to the Exchequer over Government disbursements and banks brought forward balance slightly run down from Wednesday. There was also a modest net take up of Treasury bills. On the other hand there was just a slight fall in the note circulation.

Money was tight throughout, with interbank overnight funds commanding 8¾-9½ per cent during the morning, before rising to around 12 per cent, and closing at 11 per cent.

LONDON MONEY RATES

Sept. 21 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ф	Eligible Bank Bills ф	Fine Trade Bills ф
Overnight	—	8⅞-12	—	—	—	9¼	8½-10	—	—	—
2 days notice	—	—	9-9½	—	—	—	—	—	—	—
7 days or 7 days notice	—	8¾-9	9-9½	—	9⅛-9¼	9⅜	8½	—	—	—
One month	9⅛-9	9⅛-9⅛	8⅞-9⅛	9¼-9½	9⅛-9⅝	9½	8⅞	8⅞-8¾	9⅛-9¼	9½
Two months	9⅛-9⅛	9⅛-9⅛		9⅛-9⅜	9¼-9¾	—	9	8⅞-8⅞	9⅛-9⅛	9½
Three months	9⅛-9⅛	9¼-9⅛	9⅛-9¼	9-9½	9⅝-9⅞	—	9	8⅞-8⅞	9⅛-9⅛	9½
Six months	9⅞-9⅞	9⅝-9⅞	9⅛-9½	9¼-9½	9⅞-10⅛	9⅝	—	—	9⅞-9⅝	9⅞
Nine months	9⅝-9½	9⅞-9⅞		9⅝-9⅞	10¼	—	—	—	—	—
One year	9⅞-9⅞	9⅞-9⅞	9⅝-9⅞	9¾-10	10⅜	—	—	—	—	—
Two years	—	—	10¼-10½	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. * Longer-term local authority mortgage rate nominally three years 11½-11¾ per cent; four years 11¾ per cent; five years 12-12¼ per cent. ф Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 9⁵⁄₁₆ per cent; four-month trade bills 9¾ per cent.

Approximate selling rates for one-month Treasury bills 8¹¹⁄₁₆-8¾ per cent; and two-month 8²⁵⁄₃₂ per cent; three-month 8¹³⁄₁₆ per cent. Approximate selling rate for one-month bank bills 9⅛ per cent; two month 9⅛ per cent; and three-month 9⁵⁄₃₂ per cent. One-month trade bills 9¾ per cent; two-month 9¾ per cent, and also three-month 9¾ per cent.

Finance House Base Rates (published by the Finance Houses Association) 10 per cent from September 1, 1978. Clearing Bank Deposit Rates (for small sums at seven days' notice) 6.7 per cent. Clearing Bank Base Rates for lending 10 per cent. Treasury Bills: Average tender rates of discount 8.5479.

APPOINTMENTS

INVESTMENT ANALYST

European Markets

VICKERS da COSTA LTD., Members of The Stock Exchange require an Assistant Investment Analyst for their European Dept.

Applicants (male or female) must have an Economics Degree or similar or hold a professional qualification. An ability to read and speak German is essential. Salary according to age and experience.

Apply:- Personnel Manager, Vickers da Costa Ltd., Regis House, King William Street, London EC4R 9AR Tel: 01-623 2494

Managing Director

• THE Food Division of DALGETY UK LIMITED wishes to appoint a Managing Director to take charge of one of its operating companies. The company is engaged in the buying and slaughtering of livestock, the preparation of carcasses for distribution to the multiple retail trade and the manufacture of traditional meat products.

• THE initial task will be to develop the company's turnover beyond the present level of £20m, increase the return on total assets of £2.5m and implement a substantial capital expansion programme. Success in this role is likely to lead to increased responsibility within the Division.

• THERE is a need to combine management experience in the processing and distribution of perishable food products with skills in commodity trading.

• INITIAL salary negotiable above £11,000 plus profit related bonus. Age unlikely to exceed 45.

Write in complete confidence to R. T. Addis as adviser to the group.

TYZACK & PARTNERS LTD
MANAGEMENT CONSULTANTS
10 HALLAM STREET LONDON WIN 6DJ
and
12 CHARLOTTE SQUARE EDINBURGH EH2 4DN

Financial Management and Control

• THE appointment is in a long established City organisation prominent in a wide range of investment and development activities.

• THE role embraces cost control and systems development for a multi-million pound department within the enterprise.

• A MANAGEMENT ACCOUNTANT is required with extensive computer knowledge and ideally wide internal consultancy experience or a demonstrable record of success in the services arm of an institution.

• PREFERRED age: early 30s. Salary: around £9,000.

Write in complete confidence to N.C.Humphreys as adviser to the company.

TYZACK & PARTNERS LTD
MANAGEMENT CONSULTANTS
10 HALLAM STREET LONDON WIN 6DJ
and
12 CHARLOTTE SQUARE EDINBURGH EH2 4DN

NEWCASTLE UPON TYNE POLYTECHNIC

ASSISTANT DIRECTOR (FINANCE)

Salary: £13,125 p.a.

owing the appointment of Dr. L. Barden to the post of Director, Directorate has been restructured to consist of a Director three Assistant Directors, designated Academic, Personnel Finance respectively. *The Academic and Personnel posts are* ·dy filled, and the Finance post advertised here will be responsible assisting the Director in both the financial control and the overall agement systems of the Polytehcnic. The discharge of these onsibilities will include financial policies, planning, systems accounting; budgetary allocation, monitoring and control; ral management information systems and computer applications; uation of institutional performance.

Polytechnic is one of the largest in the country with a ent budget of over £13 million, 1,600 staff and 10,000 full- and ·time students. It provides professional, degree and higher ee studies together with some £1 million of externally sponsored arch and consultancy. The Polytechnic's activities are mainly red on the 26 acre City Precinct in the heart of Newcastle there is a secondary campus in a pleasant suburban ng three miles north of the City.

her particulars and application form (returnable by October, 1978) from: The Chief Administrative Officer, castle upon Tyne Polytechnic, Ellison Building, on Place, Newcastle upon Tyne, NE1 8ST.

GROUP TAXATION MANAGER

John Mowlem & Company Limited, International Construction Group, wishes to appoint a Group Taxation Manager, to be located at its West London Head Office. The present incumbent will be retiring shortly.

Responsibilities include dealing with the taxation affairs of all the Group Companies, including those operating overseas, in co-operation with professional advisers, also planning and negotiating taxation matters in order to minimise total tax payable. This includes the computation of provisions for tax in the annual and half-yearly accounts of the parent and over 40 subsidiaries.

He or she will also give tax advice on new projects and contract drafting and will need to be familiar with UK and overseas tax legislation so far as it affects UK employees operating for the Group overseas.

The successful candidate will be creative, with a strong commercial approach. It will be important to maintain a good relationship with the Taxation Authorities and this will involve some travel, including overseas.

The applicant should have had excellent professional training with experience in Corporate Taxation, preferably with a period in a senior position in the Taxation Department of a large commercial organisation with major overseas interests.

A good salary is envisaged for the right man or woman and will be accompanied by a generous range of fringe benefits including an excellent pension scheme and a company car.

Please apply in writing with full personal details to:

Finance Director, John Mowlem & Company Limited, Westgate House, Ealing Road, Brentford, Middx.

Mowlem

OVERSEAS DEVELOPMENT

KNOW-HOW: vital to developing countries

ADVISER IN TRANSPORT PLANNING SRI LANKA

To assist in formulation of a transport section development plan as part of the medium-term national plan (1978-82) presently being prepared; assist in formulation and evaluation of transport development project; consider urban transport problems and propose short-term measures for improvement; and train local personnel. Applicants must have advanced University degree in Transport Economics with considerable practical experience in planning and project evaluation in transport sector. Experience in a developing country an advantage.

Appointment 2 years. Salary (UK taxable) in range £9,100-£11,000 plus overseas allowance for married officers in range £740-£870 pa. (Ref 328D)

ECONOMIC ADVISER MAURITIUS

To give economic advice and assistance as required by the Ministry of Finance; help to formulate and implement the programme of work of Economic Intelligence Unit, and assist with training economists within the Ministry. Applicants under 50 years must have a degree in Economics and experience in problems of developing countries. Experience in banking and finance an advantage.

Appointment 2 years. Salary (UK taxable) in range £9,100-£11,000. Plus a variable tax-free allowance in range £1,730-£3,710 pa. (Ref 328D)

The posts are wholly financed by the British Government under Britain's programme of aid to the developing countries. In addition to basic salary and overseas allowances other benefits normally include paid leave, free family passages, childrens education allowances and holiday visits, free accommodation and medical attention.

Applicants should be citizens of the United Kingdom.

For full details and application form, please apply, quoting reference stating post concerned, and giving details of age, qualifications and experience to:—

Appointments Officer,
MINISTRY OF OVERSEAS DEVELOPMENT.
Room 301, Eland House,
Stag Place, London SW1E 5DH.

ODM HELPING NATIONS HELP THEMSELVES

ASTLEY & PEARCE LIMITED

acancies exist for the following:

) Foreign Exchange personnel with two or more years' experience.

)) Trainee personnel for Foreign Exchange and Eurocurrency Deposits.

lease reply in confidence to:
The Director,
Foreign Exchange,
20, St. Swithin's Lane,
London, EC4N 8EN.

WANT TO WORK IN GERMANY?

One of Germany's largest insurance corporations located near Frankfurt on Main is in the process of extending its DP-Facilities into a nation-wide TP-Network with large central integrated databases in OS/MVS/IMS. The present configuration consists of 2 x /370-158 with comprehensive 3350 disc drives and extensive TP-applications. The future plan calls for extension with two 3033 systems in order to install future oriented DP-applications. Personnel planning in the service centre requires 4 additional OS-specialists.

OS/Systems Planners OS/Systems Programmers £12—15,000 p.a.

Candidates will be employed in the following task areas:

1. Complete planning of the service centre's hard and software
2. Implementation and maintenance of DB/DC software
3. Tuning of the TP systems

Knowledge of the German language would obviously be an asset, however, is not essential as all members of the systems team speak English. Successful candidates will be given a crash course in German. Requirements for consideration include: extensive Assembler experience as well as good command of OS; possibly COBOL. Desired is also experience with CICS, VSAM and possibly experience with data bank systems in particular IMS.

The company offers excellent job security in one of Germany's largest insurance organisations and challenging work in the field of systems software planning and engineering.

Initial contacts by telephone for additional information are welcome or submit your C.V. with references and a recent picture directly to the consulting organisation in charge. Your application will be treated with utmost discretion. Interviews will be conducted in London towards the middle of October.

DOLAN CONSULTING
Unternehmensberatung für Personalwirtschaft
Untermainkai 34, D-6 Frankfurt/Main 1, FRG
Tel: 010-49-611-230876

EXCHANGE CONTROLLER

INTERNATIONAL BANK REQUIRES B OF E RECOGNISED PERSON aged 30+ to be head of Banking Area. Doc/Credits experience. Salary negotiable.

Q.S. CONSULTANTS
01-828 8428

INVESTMENT ANALYST

We are a leading textile company with rapidly growing pension fund requiring an additional member for our analytical team based on our Head Office in Glasgow City Centre which offers excellent working conditions.

It is preferable that applicants have previous portfolio investment experience.

Please write giving details of academic and professional qualifications, career history, age and current salary to:

The Staff Manager,
COATS PATONS LIMITED,
155, St. Vincent Street,
Glasgow, G2 5PA.

COATS THE THREAD MAKERS

Chief Accountant Designate

(NEWLY QUALIFIED ACA)

£6,500 + car

WATFORD, HERTS.

We are a major UK organisation and as a result of a strategic realignment of companies and assets within the group we now wish to appoint a newly qualified Chartered Accountant.

The responsibilities will include the production of the annual budget and plans, cash flow statements, management and financial accounts and ad hoc investigations. The personality requirements are those of an outgoing nature and the ability to communicate effectively with colleagues from other disciplines.

This is the first step on a career path with additional attractive benefits including pension scheme, medical health scheme and four weeks holiday.

Interested candidates should apply to our Consultants:

BSB
Accountancy Appointments
115-117 Cannon Street, London EC4N 5AX. Telephone 01-623 9111
LONDON · NEW YORK · HONG KONG · SYDNEY · MELBOURNE

COMPANY NOTICES

MINERALS AND RESOURCES CORPORATION LIMITED
(Incorporated in Bermuda)
NOTICE TO HOLDERS OF SHARE WARRANTS TO BEARER
PAYMENT OF COUPON NO. 86

With reference to the notice of declaration of dividend advertised in the press on 15th September, 1978, the following information is published for the guidance of holders of share warrants to bearer.

The dividend of 8 cents was declared in United States currency. The dividend on bearer shares will be paid on or after 3rd November, 1978, against surrender of coupon No. 86 detached from share warrants to bearer as under:—

(a) at the office of the corporation's continental paying agent:—
Credit du Nord,
6 & 8 Boulevard Haussmann,
Paris 75009

(b) at the London Bearer Reception Office of Charter Consolidated Limited, 40, Holborn Viaduct, London EC1P 1AJ. Unless persons depositing coupons at such office request payment in US dollars (in which case they must comply with any applicable Exchange Control regulations), payment will be made in United Kingdom currency either:—

(i) in respect of coupons lodged prior to 20th October, 1978, at the United Kingdom Currency equivalent of the United States currency value of their dividend on 24th October, 1978, or;

(ii) in respect of coupons lodged during the period 20th October, 1978, to 25th October, 1978, both days inclusive at the United Kingdom currency equivalent of the United States currency value of their dividend on 30th October, 1978, or;

(iii) in respect of coupons lodged on or after 26th October, 1978, at the then prevailing rate of exchange on the day the proceeds are remitted to the London Bearer Reception Office.

Coupons must be left for at least four clear days (eight days if payment in United States currency has been requested) for examination and may be presented any weekday (Saturday excepted) between the hours of 10 a.m. and 3 p.m.

United Kingdom income tax will be deducted from coupons paid in the United Kingdom at the London Bearer Reception Office, unless such coupons are accompanied by declarations to the contrary in accordance with Inland Revenue requirements. Where such deduction is made, the net amount of the dividend will be 5.36 cents (U.S.) per share as follows:—

	United States Currency Per Share cents
Amount of dividend declared	8.00
Less: U.K. Income Tax at 33% on the gross amount of the dividend of 8 cents	2.64
	5.36

In the case of payments made in U.K. currency the sterling equivalent of the net dividend will be calculated in accordance with sub-paragraph (b) above.

For and on behalf of
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
London Secretaries
J. C. GREENSMITH

London Office:
40, Holborn Viaduct,
EC1P 1AJ.
21st September, 1978.

FRAB-BANK INTERNATIONAL
DOLLARS U.S. 25,000,000
FLOATING RATE NOTES 1976-1983

According to the terms and conditions of the above mentioned notes the interest rate applicable for the interest period of six months beginning September 20th, 1978, has been fixed at 9.75% per annum.

BANQUE INTERNATIONALE A LUXEMBOURG SOCIETE ANONYME
Trustee

LEGAL NOTICES

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matters of:

No. 002854 of 1978
PALMERSTON FURNITURE CO. LIMITED

No. 002858 of 1978
M. J. O'HARA PLASTERERS LIMITED

No. 002858 of 1978
PEOPLES OVERSEAS DOMESTICS LIMITED

No. 002859 of 1978
TONESHIRE LIMITED

and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that Petitions for the winding-up of the above-named Companies by the High Court of Justice were, on the 12th day of September 1978 presented to the said Court by THE COMMISSIONERS OF CUSTOMS AND EXCISE of King's Beam House, 39-41, Mark Lane, London EC3R 7HE, and that the said Petitions are directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 23rd day of October 1978, and any creditor or contributory of any of the said Companies desirous to support or oppose the making of an Order on any of the said Petitions may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of any of the said Companies requiring such copy on payment of the regulated charge for the same.

G. F. GLOAK,
King's Beam House,
39-41, Mark Lane,
London EC3R 7HE.
Solicitor for the Petitioners.

NOTE.—Any person who intends to appear on the hearing of any of the said Petitions must serve on, or send by post to the above-named, notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their Solicitor (if any), and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 20th day of October 1978.

ART GALLERIES

FELIKS TOPOLSKI. Henley Regatta Past & Present, drawings and paintings from 23rd Sept.-12th Oct. at Bohun Gallery, Station Road, Henley-on-Thames. Tel. 049 12 6228

FINE ART SOCIETY, 148, New Bond St., W.1. 01-629 5116. CHARLES RENNIE MACKINTOSH. Also Scottish Painting 19th-20th Century.

J.P.L. FINE ARTS, 24, Davies Street, W.1. 01-493 2630. JULIAN COOPER recent watercolours. Sept. 12-Oct. 6. Mon.-Fri. 10-6.

THE FRASER CARVER GALLERY, High St., Thames Ditton, Surrey. 01-398 7860. Until Oct. 8th. Watercolours by KATHRYN BUNTING. Tues.-Sat. 10-5.30. Suns. 2.30-5.30.

PERSONAL

KENSINGTON, W.8. Small room to let in large family flat week days. Bed & breakfast. Write Box A.6484, Financial Times, 10, Cannon Street, EC4P 4BY.

COMPANY NOTICES

THE PRUDENTIAL ASSURANCE COMPANY LIMITED

NOTICE IS HEREBY GIVEN that the transfer books and register of members, of the above company will be closed from the 27th October, 1978, to the 6th November, 1978 (both dates inclusive.

R. E. ARTUS,
P. E. MOODY,
JOINT SECRETARIES.
142, Holborn Bars,
London EC1N 2NH.
14th September, 1978.

CITY OF MONTREAL

3% PERMANENT DEBENTURE STOCK

NOTICE IS HEREBY GIVEN, that the Transfer Register will be closed from 13th October to 31st October 1978, both dates inclusive.

Registrars:
THE ROYAL BANK OR SCOTLAND LTD.
Registrar's Department,
16, Old Broad Street,
London EC2N 1DL.

WORLD STOCK MARKETS

Wall St. 3 lower after initial rally fails

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—88½% (90¼%)
Effective $1.9810 43⅞% (44⅝%)

A BRIEF further rally attempt failed yesterday morning on Wall Street and stocks soon resumed their slide on interest rate worries and the dollar's weakness.

The Dow Jones Industrial Average, after recovering to 860.19 at 11.00 am, fell afresh to 853.69 at 1 pm for a net loss of 3.47. The NYSE All Common Index was 38 cents down at $56.94, after improving to 57.39, while declines outpaced gains at mid-session by a two-to-one margin. Trading volume expanded to 21.05m shares from Wednesday's 1 pm level of 17.60m.

Closing prices and market reports were not available for this edition.

Despite the slight firming of credit on Wednesday by the Federal reserve to an apparent target of 8⅝ per cent for Federal funds, which the reserve's bank lend each other, analysts said the target could soon be raised again.

Additionally, they noted that Investors are frequently cautious on hursdays in advance of the weekly money report. Weakness in the dollar one concern about Middle East developments was also a negative for the stock market.

Ramada Inns continued to dominate trading and eased ¼ to $11¼. Bally Manufacturing slipped ¾ to $46⅜, Hilton 1⅞ to $49¼, Holiday Inns ⅜ to $2¼ and Playboy ⅞ to $24¼, but Caesars World rose ¾ to $37⅞ and MGM ¼ to $39.

McKee jumped 6¼ to $31⅞ in active trading. It has agreed to be acquired by Davy International of London, for $33 a share in cash.

Gulf Oil climbed ⅛ to $25⅜ in active dealings—the company has obtained approval to drill its Baltimore Canyon well to a total depth of 19,000 ft. The well is now at 17,640 ft.

Kennecott Copper rose 1⅞ to to $27⅞ before trading was halted. Standard Oil (Indiana) would neither confirm nor deny market rumours that it is planning a bid for Kennecott. Standard were unchanged $53⅞ when it was also halted.

General Dynamics fell 1⅞ to $80⅞ on a sharp second-quarter net loss that included a write-off of $186.7m from a negotiated settlement of cost over-run claims against the Navy.

THE AMERICAN SE Market Value Index was 1.31 lower at 165.01 at 1 pm after volume of 2.53m shares (2.13m).

Investors Diversified Services advanced 6¼ to $38⅝—Allegheny has proposed to acquire the rest of IDS that it does not yet own at $40 a share. Allegheny, on the New York Exchange, rose 3⅛ to $21⅞.

The downward trend persisted in fairly active early trading, with the Toronto Composite Index receding 2.0 more to 1,248.7 at noon. Banks lost 3.31 to 289.29, but Golds rose a further 12.3 to 1,660.4 and Oils and Gas picked up 3.0 to 1,650.3.

Nu-West Development "A" rose ⅞ to C$18⅛ on its plans for a three-for-two stock split and a dividend increase.

Paris

Market closed on a firmer note yesterday after fairly active trading.

Brokers said the upturn was significant in view of the fact that operators were book-squaring ahead of the new monthly account, which begins today.

The major market-affecting news of the day was the decision, at the request of the French Government, ot suspend trading on the Bourse of stock of five steel concerns.

The companies—Chiers-Chatillon, Sacilor, Marine-Wendel, Denain and Usinor—are affected by Wednesday's announcement that the State intends to take effective control of the French steel industry. Trading in shares of Neuves-Maisons Steel, which are listed on the Nancy Bourse, were also suspended.

Dealings were suspended until further notice and until more detailed information on how the "rescue plan" for the French steel industry is to be carried out is available. Steel companies which continued to be traded lost more ground.

The French Bourse Operations Committee is investigating the trading of Steel shares in the days leading up to the announcement.

Constructions, Motors, Stores and Electricals were the firmest sectors, but Banks and Foods edged lower while Chemicals were mixed.

Switzerland

The market's decline accelerated in active trading yesterday, with the Swiss Bank Corporation's Industrial index slipping 3.1 further to a new low for the year of 275.3.

Dealers said that the Swiss franc's continued climb against other currencies has kept up fears of a negative impact on the Swiss economy and on the profitability of Swiss export-orientated companies.

Among Pharmaceuticals, Ciba-Geigy Bearer fell 25 to SwFr 905, while Foods had Nestle Bearer 30 off at SwFr 3,210.

Domestic Bonds closed easier, but Foreign Bonds edged higher.

Amsterdam

Predominantly lower on expectations of further interest rate rises due to Government borrowing needs and also affected by the fall in the dollar and Wall Street's fresh overnight weakness.

Amro Bank's announcement of a one-for-10 rights issue also acted as a depressant. Amro fell Fl 3.60 and Algemeine Bank Fl 9.00.

Deli retreated Fl 9.00 on its lower first half profits.

Tokyo

With investors cautious about the U.S. dollar's fresh decline against the yen on the Tokyo foreign exchange market, trading on the stock market was slow with shares closing mixed to easier. The Tokyo SE index lost a shade more to 424.96, although the Nikkei-Dow Jones Average edged up 1.40 to 5,628.51. Volume 170m shares (200m).

Export-orientated issues and a number of Blue Chips fell initially on the yen's appreciation, but some recovered slightly on cheap buying.

Fisheries, Foods, Vehicles, Machines, Pharmaceuticals and Public Works managed some gains but Petrochemicals, Detergents and Real Estate sustained losses.

Nippon Telecommunications Construction declined Y50 to Y3,650, Kokusai Denshin Denwa Y40 to Y4,140, Taiyo Sanso Y30 to Y338, Uchida Yoko Y25 to Y400, Gankyo Aluminium Y22 to Y475, Tokyo Electric Y22 to Y391 and Ono Pharmaceutical Y20 to Y1,150.

In contrast, Hisamitsu Pharmaceutical put on Y100 to Y1,240, Chiyoda Chemical Engineering and Construction Y70 to Y1,060, Toho Real Estate Y60 to Y1,190, Yoshitomi Pharmaceutical Y53 to Y775 and Dainippon Pharmaceutical Y42 to Y739.

Germany

Stocks were inclined to lose further ground, although buying at the lower levels by major investors prevented excessive erosion of prices. Foreign exchange market uncertainties remained an unsettling influence. The Commerzbank index lost another 3.9 to 829.8.

Among Electricals and Motors, early losses were later recouped and occasional small gains were noted on the day, while Banks were well maintained. Stores lost between DM1 and DM2.30, but Neckermann gained DM2 against the trend. Elsewhere, Kloeckner improved DM1.20.

Domestic Bonds improved, with expectations of a successful Kassenobligation tender aiding the market. Bond prices gained up to 20 pfennigs, and the Regulating Authorities released paper worth DM31.4m, compared with DM14.5m sales the previous day.

Mark Foreign Loans also hardened.

Australia

Minings made a firmer showing ing than of late, but Oils and Industrials were mixed while Banks lost a portion of their recent sharp gains.

Feature was a jump of 42 cents to a new peak for the year of A$8.80 by BHP in response to its new oil find in the Bass Strait. Beach Petroleum, with leases adjacent to the discovery, rose 15 cents to 83 cents.

White Industries, in Coals, added 5 cents more at A$4.75, while elsewhere in Minings, North Broken Holdings put on 3 cents to A$1.43, Associated Minerals 6 cents to A$1.64 and Audimco 5 cents to 80 cents, but BH South declined 9 cents to A$1.40.

With the threat to the Ranger agreement still unresolved, Uraniums continued to trade nervously. Pancontinental lost 30 cents more to A$14.00, but Queensland Mines, A$8.80, and EZ Industries, A$3.10, recovered 5 cents apiece.

Among Banks, particularly strong of late on the new disclosure rules and Commonwealth Bank's heartening results, BNS Wales came back 10 cents to A$8.10, National 14 cents to A$2.88, CBA 12 cents to A$2.80 and CBC 10 cents to A$2.00.

G. J. Coles rose a further 5 cents to A$2.40 in firm Retailers.

Hong Kong

After Wednesday's good rebound, stocks returned to a downward course on renewed local selling. The Hang Seng index receded 14.36 to 626.21. Turnover on the four stock exchanges was light, amounting to HK$183.80m, compared with the previous day's HK$222.79m.

Among the leaders, Hong Kong Bank shed 40 cents to HK$19.80, Hong Kong Land 20 cents to HK$12.30, Hutchison Whampoa 35 cents to HK$6.85, Jardine Matheson 50 cents to HK$17.20, Swire Pacific "A" 40 cents to HK$10 and Wheelock Marden "A" 17.5 cents to HK$3.825.

Elsewhere, Cheung Kong retreated 50 cents to HK$12.50, Hong Kong Wharf HK$1 to HK$31.50 and Hong King Telephone 50 cents to HK$34.50.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax. [illegible]

NEW YORK

Stock	Sept. 20	Sept. 19
Abbott Labs	33⅛	34¾
Addressograph	26¾	27⅛
Aetna Life & Cas	40¾	40⅝
Air products	28⅝	28⅞
Alcan Aluminium	30⅝	30⅝
Alcoa	44⅝	44⅛
Corning Glass	58⅛	58
CPC Int'n'tional	51½	51⅛
Crane	32¾	33
Crocker Nat	28⅝	29
Crown Zellerbach	33	33⅛
Cummins Engine	38	38⅛
Curtiss Wright	18¼	16⅜
Dana	30⅜	30⅜
Johns Manville	31⅛	31¼
Johnson Johnson	83¼	83⅞
Johnson Control	26½	27¾
Joy Manufactur'g	34⅝	35⅝
K. Mar Corp.	26¾	27⅛
Kaiser Alumini'm	35	35⅛
Kaiser Industries	2⅛	2⅛
Kaiser Steel	27½	27¾
Kay	13	13
Revlon	52¼	53
Reynolds Metals	35½	35⅛
Reynolds R. J.	61⅛	61⅞
Rich'son Merrell	28	29⅛
Rockwell Inter.	34¼	34¼
Rohm & Haas	35¼	35⅛
Royal Dutch	62⅜	62⅛
Woolworth	20⅞	20⅞
Wyly	6¼	6¼
Xerox	54	55½
Zapata	16⅝	15¾
Zenith Radio	16⅜	16⅜
U.S. Treas. 4% 1980	†94⅞	†94½
U.S. Treas. 4¾% 75/85	†81⅝	†81¾
U.S. 90-day bills	8.07%	7.94%
...	...	...
Western Union	18⅝	19⅛
Westingh'se Elec	21⅝	21⅞
Weyerhaeuser	29¼	29⅝
Whirlpool	23	23
White Con. Ind.	21⅞	21⅝
William Co.	20⅜	20⅝
Wisconsin Elect.	28⅝	28⅞

CANADA

Stock	Sept. 20	Sept. 19
Teck	15⅝	15⅝
Union Gas	11⅝	11⅝
Utd. Siscoe Mines	8	8½
Walker Hiram	46⅛	46⅝
West Coast Trans	12⅛	12⅛
Weston Geo.	19⅝	19¾

† Bid. ‡ Asked. § Traded. ¶ New stock.

Indices

NEW YORK—DOW JONES

	Sept. 20	Sept. 19	Sept. 18	Sept. 15	Sept. 14	Sept. 13	1978 High	1978 Low	Since Compil'n High	Since Compil'n Low
Industrials	857.16	861.57	870.15	878.55	887.64	[illegible]	907.74 (8/9)	742.12 (28/2)	1051.70 (11/1/73)	[illegible]
H'me B'nds*	88.55	88.58	88.58	88.54	88.47	88.46	[illegible]	[illegible]		
Transport	246.15	245.96	247.53	250.75	255.57	257.21	261.49 (8/9)	[illegible]	[illegible]	[illegible]
Utilities	105.65	105.92	106.59	106.43	106.79	107.48	[illegible]	[illegible]	[illegible]	[illegible]
Trading vol. 000's	35,220	31,888	35,660	37,230	37,400	43,340	—	—		

* Basis of Index changed from August 24

	Sept. 15	Sept. 8	Sept. 1	Year ago (approx)
Ind. div. yield %	5.59	5.31	[illegible]	5.95

STANDARD AND POORS

	Sept. 20	Sept. 19	Sept. 18	Sept. 15	Sept. 14	Sept. 13	1978 High	1978 Low	Since Compil'n High	Since Compil'n Low
Industrials	112.65	113.56	114.54	115.38	118.51	117.94	118.71 (12/9)	[illegible]	134.54 (11/1/73)	[illegible]
Composite	101.75	102.53	103.21	104.12	105.10	105.54	106.38 (12/9)	[illegible]	125.85 (11/1/73)	[illegible]

	Sept. 13	Sept. 6	Aug. 30	Year ago (approx)
Ind. div. yield %	4.53	4.57	[illegible]	4.80
Ind. P/E Ratio	9.89	10.09	9.89	9.56
Long Gov. Bond yield	8.55	8.57	8.42	7.58

N.Y.S.E. ALL COMMON

Sept. 20	Sept. 19	Sept. 18	Sept. 15	1978 High	1978 Low
57.32	57.54	58.24	58.81	59.38 (11/9)	48.37 (6/3)

Rises and Falls

	Sept. 20	Sept. 19
Issues traded	1,888	1,906
Rises	352	411
Falls	1,158	1,111
Unchanged	378	384
New Highs	11	15
New Lows	14	10

MONTREAL

	Sept. 20	Sept. 19	Sept. 18	Sept. 15	1978 High	1978 Low
Industrial	205.25	203.86	207.17	208.51	211.55 (11/9)	[illegible]
Combined	211.54	211.93	214.88	216.80	217.71 (11/9)	170.52 [illegible]
TORONTO Composite	1250.7	1250.5	1268.3	1277.6	1288.9 (12/9)	[illegible]
JOHANNESBURG Gold	256.8	258.8	255.8	258.5	272.9 (14/9)	[illegible]
JOHANNESBURG Industrial	270.2	271.9	277.0	277.1	271.1 (15/9)	[illegible]

BASE LENDING RATES

A.B.N. Bank	10 %
Allied Irish Banks Ltd.	10 %
American Express Bk.	10 %
Amro Bank	10 %
A P Bank Ltd.	10 %
Henry Ansbacher	10 %
Banco de Bilbao	10 %
Bank of Credit & Cmce.	10 %
Bank of Cyprus	10 %
Bank of N.S.W.	10 %
Banque Belge Ltd.	10 %
Banque du Rhone	10½ %
Barclays Bank	10 %
Barnett Christie Ltd.	11 %
Bremar Holdings Ltd.	11 %
Brit. Bank of Mid. East	10 %
■ Brown Shipley	10 %
Canada Perm't Trust	10 %
Capitol C & C Fin. Ltd.	10 %
Cayzer Ltd.	10 %
Cedar Holdings	10½ %
■ Charterhouse Japhet	10 %
Choulartons	10 %
C. E. Coates	10 %
Consolidated Credits	10 %
Co-operative Bank	*10 %
Corinthian Securities	10 %
Credit Lyonnais	10 %
The Cyprus Popular Bk.	10 %
Duncan Lawrie	10 %
Eagil Trust	10 %
English Transcont.	11 %
First Nat. Fin. Corp.	11½ %
First Nat. Secs. Ltd.	11 %
■ Antony Gibbs	10 %
Greyhound Guaranty	10 %
Grindlays Bank	‡10 %
■ Guinness Mahon	10 %
■ Hambros Bank	10 %
■ Hill Samuel	§10 %
C. Hoare & Co.	†10 %
Julian S. Hodge	11 %
Hongkong & Shanghai	10 %
Industrial Bk. of Scot.	10 %
Keyser Ullmann	10 %
Knowsley & Co. Ltd.	12 %
Lloyds Bank	10 %
London Mercantile	10 %
Edward Manson & Co.	11½ %
Midland Bank	10 %
■ Samuel Montagu	10 %
■ Morgan Grenfell	10 %
National Westminster	10 %
Norwich General Trust	10 %
P. S. Refson & Co.	10 %
Rossminster	10 %
Royal Bk. Canada Trust	10 %
Schlesinger Limited	10 %
E. S. Schwab	11½ %
Security Trust Co. Ltd.	11 %
Shenley Trust	11 %
Standard Chartered	10 %
Trade Dev. Bank	10 %
Trustee Savings Bank	10 %
Twentieth Century Bk.	11 %
United Bank of Kuwait	10 %
Whiteaway Laidlaw	10½ %
Williams & Glyn's	10 %
Yorkshire Bank	10 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 7%, 1-month deposits 7¼%.
† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 7¼%, and over £25,000 7½%.
‡ Call deposits over £1,000 7%.
§ Demand and deposits 7¼%.

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS 1427

GERMANY

TOKYO

AUSTRALIA

BRAZIL

OSLO

JOHANNESBURG

AMSTERDAM

BRUSSELS/LUXEMBOURG

PARIS

SWITZERLAND

COPENHAGEN

MILAN

VIENNA

STOCKHOLM

SPAIN

WEDNESDAY'S ACTIVE STOCKS

[illegible]

ARMING AND RAW MATERIALS

armers launch plan) cut dairy surplus

RISTOPHER PARKES

'S FARMERS have pro-
Community-wide milk
n quota as their contri-
the latest debate on
controlling EEC dairy
. Their suggestion, how-
ickly ran into trouble
Finn Gundelach, the
ty's Agriculture Com-

ry Plumb, president of
onal Farmers' Union,
London yesterday that
as a whole should have
within a "standard
system.

andard quantity for all
ntries would be the
f milk required to sup-
eeds. For production
is quota dairy farmers
e paid the full EEC
l the market would be
by intervention buy-
rmal rates.

output beyond the
quantity, however, in-
prices would be
ally reduced in the
y.

enry's proposal was
squashed by Mr.
who was in London
ate meeting last night
an audience of leading
ies from the food in-
ncluding Sir Henry:

"One of the points I want to emphasise is that is is through the market that we will bring the milk market into balance.

"I am completely opposed to quotas or any form of quantitative restrictions."

Sir Henry gave details for the first time of the new approach to the Common Agricultural Policy which has been hinted at in the NFU for some weeks.

"Where structural surpluses exist we think that the price mechanism may have to be used to curb an upward trend in European production," he said.

He stressed, however, that he could not support any notion of atempting to reduce gluts by simply cutting prices. In that case price reductions would have to be "very considerable" to have any effect on output. And cuts on such a scale could cripple the EEC's dairy industry.

Mr. Gundelach warned last night that his planned policy for milk would not be pleasant.

"We have insisted on a prudent price policy and we aim to go further in the milk sector in order to discourage producers and give a benefit to consumers," he said.

"Such a policy will be painful to some and we must not lose sight of our social responsibility to farmers who can produce little else but milk."

Those harmed by measures to reduce surplus might have to be helped with direct income subsidies, he added.

He dismissed charges that the tax-payer was being robbed by the Common Agricultural Policy. He accepted that expenditure of £1½bn a year on milk alone was "not wise spending." But, he claimed, spending on the CAP in real terms had not changed since Britain joined the EEC in 1973.

"Agricultural spending has gone up from 3.78bn to 5.9bn units of account in the last five years.

"Make allowance for inflation and you will see that agricultural spending was the same in 1977 as in 1973—despite the many extra tasks undertaken by the CAP," the Commissioner said.

He compared EEC practice with the agricultural policy in the U.S. which, he noted, was often held up as an example to the Community.

The United States farm policy cost more than the CAP and the national expenditure on farming in all nine member states put together, he claimed.

uminium world price raised

IN EDWARDS, COMMODITIES EDITOR

its world export price
aluminium ingots was
by Alcan in Montreal,
he price is being raised
s to 56 U.S. cents a
,235 a tonne) except in
rica and Africa, where
to 57.5 cents.

port price does not
Canadian or U.S.
but Alcan's U.S. sub-
ier announced a rise
S. price of 2 cents to
a pound. Alcoa and
said last night they
studying the situation
plans for an increase.
sed its U.S. price to
n May and yesterday
its world export price
to 56 cents.

from certain how the
ce increase will affect
markets, which are
local influences. In
or example, the pro-
ce of aluminium is
cided by the produc-
s of the domestic
and was recently
by £30 to £710 a tonne.
ing exchange rates,
y the value of the dollar against other currencies, further complicate the picture. At present, exchange rates the UK price is well above 56 cents, although the costs of delivery have to be taken into account.

The export price is seen more as a "benchmark" on which to base different local and world market values. The last price rise was on June 15 when it was increased by 2 cents to 53 cents, and the latest increase reflects, according to Alcan, better demand as well as the reduced value of the dollar.

London free market traders said the move by Alcan had only a limited impact on prices, which are currently quoted at around $1,080 a tonne. There is plenty of alumiaium available at present.

It was pointed out that Japanese smelters were still operating at only 70 per cent of total capacity and if they decided to increase domestic production, supplies from other countries would have to be diverted elsewhere.

Reuter reported from Tokyo that the Japanese Trade and Industry Ministry said the government had no plans to prevent Japanese companies from "hedging" aluminium on the London Metal Exchange when the new futures contract was introduced on October 2.

A Ministry spokesman denied a report that it would not license Japanese firms to hedge aluminium at the exchange.

Hedging business in most commodities including aluminium, had been decontrolled since last April, when the government lifted foreign exchange controls on hedging, he said.

Only copper, lead and zinc were still under an automatic approval system, whereby Japanese traders who want to hedge them on overseas markets needed to report to the Bank of Japan, to check possible speculation.

The system is much less restrictive than previously, as the Bank automatically approves applications, where until last April, overseas hedging of copper, lead, zinc, silver and tin was controlled directly by the Trade and Industry Ministry, with quotas set.

Coffee pact price rise proposed

By Our Commodities Staff

THE DUTCH delegation to the International Coffee Organisation (ICO) talks currently taking place in London suggested yesterday that the "trigger" price at which quota limitations on exports come into force under the Agreement reached last year should be raised by 55 per cent to 120 cents a lb.

Mr. Anton de Bloeme, head of the Netherlands negotiating team, told the organisation's Executive Board meeting, however, that the proposal did not necessarily represent the views of other consumers. He said it might serve as a starting point for negotiations.

However, the figure was not very well received by other delegations. Most consumers said they had a lower figure in mind while the producers said it was below their target. Neither side was prepared to quote a specific figure.

The nearest the producer side came to defining its aim was a call by Angola, supported by Guatemala, for prices to be stabilised around current levels. This would probably indicate a trigger price of 130-140 cents a lb.

Tin market lower

By Our Commodities Editor

TIN PRICES fell on the London Metal Exchange yesterday on hopes of an easing in the nearby supply situation. Standard grade cash tin closed £95 lower at £1,700 a tonne, while the three months quotation dipped by £52.5 to £6,945.

The Penang market was lower overnight, and in London there were freer offerings of cash metal as well as heavy "lending" (selling cash and buying the equivalent amount forward).

Doubts were cast over earlier reports forecasting another steep decline in LME warehouse stocks, and the market was also depressed by the rise in the value of sterling.

However, copper and lead prices were steady, particularly lead which attracted fresh speculative interest following reports of Soviet Union physical purchases recently.

Meanwhile, in London yesterday Lord Caldecote, chairman of Delta Metal, announcing the company's interim results, said he would be surprised if the copper price fluctuated by more than £100 a tonne during the rest of the year.

He thought though that prices might rise in the first few months of next year.

FARM MACHINERY

Why buying has collapsed

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THE PROBLEMS of the farm machinery industry are now well known. Sales of tractors and machinery are flagging over most of the world, and in Britain the market for tractors and combines in particular is pretty dismal.

Agents' premises are packed with stock and discounting is rife.

The world situation is, of course, a reflection of the economic recession due to high oil prices and the generally low prices on the world market for grain and other produce. But in Britain there are other influences as well.

Until a couple of years ago tractors were scarce and farmers were falling over themselves to re-equip with the proceeds of the generally higher prices achieved by Common Market entry and the boom in potato profits brought about by the drought and shortage of 1975 and 1976.

They were encouraged as well by the 100 per cent write-off on new machinery. This meant that any farmer showing a reasonable profit deemed it his duty to go out and modernise regardless of the fact that the concession meant only that he accelerated the depreciation and would in any case save only the tax element in the price.

He would still have to find the balance from the cash flow.

The manufacturers took the fullest advantage of the demand so created and prices rose steeply. The cost of a common 75hp tractor in 1972 was £2,150 and by September 1977 it was £6,700 and has since risen further. Other machinery showed similar increases. It is worth noting that the cost of farm buildings, which did not get the full 100 per cent depreciation, but a grant of 20 per cent plus 10 per cent depreciation, rose by a very much smaller proportion.

I am not suggesting here that the manufacturers were profiteering. The period coincided with certain changes in cab design and other refinements which could have added to costs, but certainly price rises appeared to be incessant during that period.

Now the situation has changed quite radically and to some extent independently of the profitability of farming. Farmers have become aware of the advantages of stock appreciation relief as a means of saving tax and more importantly the benefit this brings to the cash flow. They no longer have to buy a tractor or other implement to save tax.

Accountants do warn that the present circumstances could change, and some form of claw-back of the relief may appear, but at present this does not seem likely.

There is no doubt that at the height of the tractor boom farmers bought more and newer tractors and other machines than they needed for efficiency, simply because of the tax benefits they thought would accrue. There is no reason why the modern tractor, well serviced, should not last for many years, and the more prices of new machines rise the more farmers will look to ways of making them last as long as possible.

Their minds have been concentrated on this problem by the realisation that tractor prices have risen more than those of some of their products. A common calculation is that while prices for the main products have hardly doubled between 1973 and 1977, those of tractors have trebled. For instance, 51 tonnes of wheat were needed to buy a tractor in 1973 compared with 79 tonnes in 1977.

Only fertilisers have achieved a comparable increase over the period and farmers just have to use them while they can put off buying a tractor for a long time if necessary. But there are other factors which I believe machinery manufacturers should bear in mind.

The most important is that systems of minimal cultivation relying on chemicals for weed control are being increasingly adopted. If the day comes when ploughing and traditional earth moving cultivations can be superseded, as I believe they could largely be, the demand for such machinery could fall dramatically, as of course would that for the energy needed to drive them.

There will also be a trend towards avoiding the enormous costs of the ancillary machinery such as combines, forage harvesters and balers by use of contractors. This would increase their usage but reduce the sales to individual farmers, most of whom use them for only a week or two a year.

Another influence is the degree to which other costs are rising. Rents are going up fast and are really beginning to bite. The need for capital to finance everyday working is also considerable and even if well placed in this respect many farmers are finding it more sensible to buy an extra parcel of land, even at today's higher prices, than to put it into machinery which in the end will only depreciate while land will always hold some value.

It is not only the market for new machinery which is affected. That for second-hand machines is also difficult—so much so that some firms are advertising in New Zealand papers combines they can no longer sell in this country.

It should not be thought that this slump in new machinery sales is a new phenomenon. When I started on my first farm in the 1930s the only new machines I bought were a tractor, a plough and a mower. Everything else, including a thrashing set, the equivalent of a modern combine harvester, was pre-First World War and worked perfectly well for several years until more money became available. For different reasons the same circumstances could arise today.

U.S. potato growers sue exchange

NEW YORK, Sept. 21.

P. J. Taggeres and J. R. Simplot, two potato growers involved in the 1976 potato-futures default, are suing the New York Mercantile Exchange for $1.6m.

They claim the Exchange forced them to close out at a loss a position they had established in the potato-futures market in early 1977. The Exchange acted after prices fluctuated sharply as a result of conflicting news reports on the amount of potatoes that a company controlled by the two men was exporting to Europe.

NZ MEAT FREIGHT RATES TO RISE

WELLINGTON, Sept. 21.

Freight rates for sending New Zealand's meat and dairy produce to the UK and Europe will increase by 8.48 per cent from November 1, the New Zealand Meat Producers' Board said here.
Reuter

Rain hits Polish harvest

BY CHRISTOPHER BOBINSKI

WIDESPREAD RAIN is hampering the Polish sugar beet harvest—planned to reach 17.0m tonnes this year—which has just got under way.

Machinery which would have brought in 43 per cent of the crop cannot be used to harvest the 1.5m acres sown this year because of the wet soil.

The sugar beet crop in 1977 was 15.9m tonnes. Western sources estimate that the sugar content of the beet will be low this year.

Rain is also affecting the potato harvest, 10 per cent of which has already been brought in. Nearly 6m acres of potatoes were sown this year and a 50m tonne crop is hoped for.

This figure would give a much-needed boost to Polish pig production which is important in reducing meat shortages for consumers.

Western sources, however, expect a 47m tonne crop this year which compares with last year's low crop of 41.3m tonnes.

The wet weather is holding up completion of the grain harvest which will reach 21.3m tonnes according to Western estimates.

This is up on last year's total of 19.4m tonnes which necessitated 9m tonnes of grain imports from June, 1977, to July, 1978. It is expected that the quality of the grain will be poor this year because of the wet weather.

According to official estimates 5 per cent of the grain still has to be harvested.

Of the 20.5m acres sown this year, 250,000 still has to be cut and grain on 750,000 acres is still waiting to be brought in.

The rain has also forced a delay of two weeks in winter crop sowing.

Rise in U.S. soya stocks

WASHINGTON, Sept. 21.

THE U.S. Agriculture Department reported U.S. soyabean stocks on September 1 at 159,061,000 bushels compared with 102,915,000 bushels a year earlier.
Reuter

Manganese pact sought

LIBREVILLE, Sept. 21.

THIRD WORLD manganese producers meeting here are expected to call for the creation of an International Manganese Agreement, conference sources said.

They want the agreement to guarantee fair prices and allow them to play a role in stabilising the market.

The conference is being attended by seven countries negotiating with developed countries the setting up of an integrated programme for raw materials aimed at stabilising world prices.

The seven are Brazil, Gabon, Ghana, Upper Volta, India, Morocco and Zaire.

Brazilian sources said that failing co-ordinated international action, a number of developing countries could find themselves excluded from the manganese market altogether.

MODITY MARKET REPORTS AND PRICES

METALS

ittle changed in quiet
e London Metal Exchange.
ward metal started at £752-
elling in the morning Rings
e to £749. Despite a rise to
morning Kerb, the market
the rest of the day trading
d closed on Kerb at £749.5.
60 tonnes.
d Metal Trading reported
that in the morning cash wirebars traded at £733, 31, 31.5, 32, 32.5; three months £751.5, 51, 50, 49, 49.5, 50, 51. Cathodes: Cash £721, 21.5; three months £740. Kerbs: Wirebars cash £732.5; three months £751, 50.5. Afternoon: Wirebars cash £730, 29; three months £749.5, 49, 49.5. Cathodes: Three months £738.5, 39. Kerbs: Wirebars three months £749, 49.5, 50, 49.5.

m. ficial	+ or −	p.m. Unofficial	+ or −
£	£	£	£
2..5	+4.5	729-30	−1.25
1..5	+5.75	748.5-9	+.5
32.5	+4.5	—	......
1..5	+4.5	718-.5-2.5	−1.25
0..5	+4.75	738-9	+.25
721.5	+5.5	—	......
625	......	65-66	......

TIN—Lower, partly reflecting the higher value of sterling. The East was lower overnight, but forward metal moved up to £6,985 before easing to £6,935 on changed expectations of the level of warehouse stocks, helped by heavy lending and free offerings of cash metal. The backwardation tended to narrow. The close on the Kerb was £6,965. Turnover 1,645 tonnes.

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or −
High Grade	£	£	£	£
Cash	7150-60	−20	7090-110	−95
3 months	6970-90	+5	6950-70	−57.5
Settlem't	7150	−20	—	......
Standard				
Cash	7150-60	−30	7090-100	−95
3 months	6963-70	......	6940-50	−52.5
Settlem't	7150	−20	—	......
Straits E.	‡$1890	−15	—	......
New York	624	......	—	......

Morning: Standard cash £7,160; three months £6,960, 65, 90, 65, 80, 70. High Grade: Cash £7,190. Kerbs: Standard three months £6,970, 65, 60, 50, 45. Afternoon: Standard cash £7,110, £7,090; three months £6,945, 50, 35, 40. Kerbs: Standard three months £6,950, 60, 55.

LEAD—Gained ground although forward metal declined from £365-£365.5 to £364.5 in early business on trade hedge selling. But at this level fresh speculative buying came into the market and thereafter the price moved around £366 in reasonable two-way business before closing on the Kerb at £366.25. Turnover 12,475 tonnes.

LEAD	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Cash	360.5-1	+6.5	359.75-60	+2.37
3 months	365.75-6	+6.12	365-.5	+2.5
Sett'ment	361	+6.5	—	......
U.S. Spot	352.5	......	351.33	......

Morning: Cash £361, 60.5, 60.75; three months £364, 65, 65.5, 65.25, 65.5, 66, 65.5, 66. Kerbs: Cash £361; three months £366, 66.5, 66.25, 66. Afternoon: Cash £360; three months £366, 65.5, 65.75, 65.5, 65.25, 65. Kerbs: Three months £365.5, 65, 65.5, 66, 66.5.

ZINC—Slightly lower after a day of moderate two-way business. Forward metal traded at £333.5-£334 before falling to £332. At this stage some fresh buying entered the market. The close on the Kerb was £332.75. Turnover 2,450 tonnes.

ZINC	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Cash	323.25-.5	+2.12	322-.5	−1.5
3 months	333.75-4	−.875	332-.5	−1.25
S'ment	323.5	+2	—	......
Prim. west	*...	......	29.31	......

Morning: Cash £323; three months £333.5, 33.75, 34, 33.5. Kerbs: Three months £334, 33.5. Afternoon: Three months £332. Kerbs: Three months £332.5, 33, 32.25, 33.
* Cents per pound. ‡ $M per picul.
† On previous unofficial close.

SILVER

Silver was fixed 1.05p an ounce higher for spot delivery in the London bullion market yesterday at 286.1p. U.S. cent equivalents of the fixing levels were: spot 567.8c, up 3.0c; three-month 577.9c, up 3.3c; six-month 589.5c, up 3.4c; and 12-month 612.4c, up 4.0c. The metal opened at 286.5-287.5p (571½-573½c) and closed at 286.5-287.5p (567½-569c).

SILVER per troy oz.	Bullion fixing price	+ or −	L.M.E. close	+ or −
Spot	286.1p	+1.05	286.5p	+5.85
3 months	293.1p	[illegible]	293.65p	+6.75
6 months	300.6p	+0.9	—	......
12 months	315p	+1.3	—	......

LME—Turnover 174 (116) lots of 10,000 ozs. Morning: Three months 293.7, 3.3, 3.1, 3.2. Kerbs: Three months 293.4, 93.5. Afternoon: Three months 293.7, 3.6. Kerbs: Three months 293.4, 3.3, 3.2, 3.4, 3.5.

GRAINS

LONDON FUTURES (GAFTA)—The market opened 10p lower. Wheat values eased in reasonable trading on some hedge selling to close 30-40p lower. Barley saw good volume, with a good two-way commercial trade, during the session. Values eased to close 35-45p lower, Acli reported.

WHEAT			BARLEY	
M'nth	Yesterday's close	+ or −	Yesterday's close	+ or −
Sept.	86.40	−0.30	78.40	−0.35
Nov.	87.15	−0.35	79.95	−0.35
Jan.	89.85	−0.40	82.75	−0.40
Mar.	92.50	−0.35	85.15	−0.45
May	94.90	−0.40	87.60	−0.55

Business done: Wheat—Sept. 85.60-85.40, Nov. 87.35-87.15, Jan. 90.05-89.85, March 92.50-92.35, May 95.10-94.90. Sales: 156. Barley—Sept. 78.60-78.35, Nov. 80.15-79.90, Jan. 82.95-82.70, March 85.40-85.20, May 87.95-87.75. Sales: 281.

HGCA—Location ex-farm spot prices: Other milling wheat—N. Lincoln £85.30. Feed wheat—N. Lincoln £80.70, Hants and W. Sussex £79.60. Feed barley—N. Lincoln £70.90, Hants and W. Sussex £73.90.

The UK monetary coefficient for the week beginning Monday, September 25 is expected to remain unchanged.

IMPORTED—Wheat: CWRS. No. 1, 13½ per cent, Sept. £91.25, Tilbury. U.S. Dark Northern Spring No. 2, 14 per cent, Sept. and Oct. £92.25, Nov. £93.25, Dec. £95.00, transhipment East Coast, sellers. U.S. Hard Winter ordinary Oct. £82.50, Nov. £83.50, transhipment East Coast, sellers. EEC milling Sept. £87.50, Oct. £86.50 quoted, East Coast.

Maize: U.S./French Sept. £101.00, Oct. 101.50, Nov. and Dec. £100.00, transhipment East Coast, sellers. S. African White Sept.-Oct. £81.00, Glasgow, seller. S. African Yellow Sept.-Oct. £81.00, Glasgow, seller.

Sorghum: U.S./Argentine Sept. £100 quoted, transhipment East Coast.

EEC IMPORT LEVIES effective for today in order current levy plus Oct., Nov. and Dec. premiums, with previous in brackets, all in units of account per tonne: Common wheat—81.36, rest nil (82.09, rest nil); Durum wheat—124.94, 0.16, 0.16, nil (125.10, 0.32, 0.32, nil); Rye—86.05, rest nil (86.05, rest nil); Barley—85.82, 0.61, 0.61, 0.61 (85.52, 0.61, 0.61, 0.61). Oats—71.58, rest nil (71.58, rest nil). Maize (other than hybrid for seeding)—78.45, 0.32, 0.32, nil (78.46, rest nil). Buckwheat—All nil (all nil). Millet—42.13, rest nil (42.13, rest nil). Grain sorghum—80.36, rest nil (80.36, rest nil). Flour levies: Wheat or mixed wheat and rye flour—124.87 (126.01). Rye flour—131.37 (131.37).

COCOA

The market was relatively featureless, trading within a limited range before closing at yesterday's levels, Gill and Duffus reported.

COCOA	Yesterday's Close	+ or −	Business Done
No. 6 Contr't			
Sept.	1975.0-77.0	+6.0	1977.0-56.0
Dec.	1980.0-81.0	+3.0	2004.0-1974
March	1998.0-2000	−2.5	2016.0-1990
May	2005.0-05.5	−0.75	2013.0-1990
July	1978.0-80.0	+6.5	1988.0-70.0
Sept.	1850.0-60.0	+2.75	1868.0-50.0
Dec.	1900.0-05.0	+5.5	1908.0-00.0

Sales: 2,752 (4,083) lots of 10 tonnes.
International Cocoa Organisation (U.S. cents per pound)—Daily price Sept. 20: 171.05 (170.71). Indicator prices Sept. 21: 15-day average 166.66 (167.52); 22-day average 163.11 (161.91).

COFFEE

ROBUSTAS futures lacked sparkle through the complete session, Drexel Burnham Lambert reported. Dealers said there were no features to influence sentiment and in thin trading values at the close were 12 up to 9.5 down on balance.

COFFEE	Yesterday's Close	+ or −	Business Done
	£ per tonne		
September	1585-90	−9.5	1590-1580
November	1496-97	−6.0	1503-1490
January	1407-09	+12.0	1415-1392
March	1320-21	−6.0	1328-08
May	1272-75	−9.0	1282-69
July	1244-45	−5.0	1250-45
September	1218-36	−8.0	—

Sales: 1,963 (2,433) lots of 5 tonnes.
ICO indicator prices for Sept. 20 (U.S. cents per pound): Colombian Mild Arabicas 190.50 (181.00); unwashed Arabicas 159.00 (same); other mild Arabicas 155.00 (156.17); Robustas ICA 1976 147.75 (147.25); Robustas ICA 1968 148.25 (147.75). Daily average 151.58 (151.71).

RUBBER

EASIER opening on the London physical market. Little interest throughout the day, closing inactive. Lewis and Peat reported a Malaysian godown price of 254 (255) cents (buyer, Oct).

No. 1 R.S.S.	Yesterday's Close	Previous Close	Business Done
Oct	60.00-60.50	60.70-61.10	—
Nov	60.50-60.90	61.20-61.60	—
Oct-Dec	60.25-60.70	61.15-61.60	60.90-60.85
Jan-Mar	63.10-63.20	63.85-63.90	63.85-63.10
Apr-Jne	65.50-65.60	66.25-66.30	65.25-65.50
Jy-Sept	67.45-67.50	68.10-68.20	68.10-67.45
Oct-Dec	69.30-69.40	70.00-70.05	70.00
Jan-Mar	71.05-71.15	71.85-71.90	71.10
Apr-Jne	72.95-73.00	73.65-73.70	73.20

Sales: 498 (1,856) lots of 15 tonnes.
Physical closing prices (buyers) were: Spot 60p (59.5); Oct. 59.75p (60.25); Nov. 60.75p (61.25).

SUGAR

LONDON DAILY PRICE (raw sugar) £100.00 (£102.00) a tonne cif for Sept.-Oct. shipment. White sugar daily price was fixed at £107.00 (£108.00).

Sell at best orders caused prices to fall initially by about 100 points below kerb levels. The lows were short-lived as short-covering developed and the market quickly rallied some 250 points before heavier offerings blunted the advance. Prices later were contained within a 50 points range, C. Czarnikow reported.

Tate and Lyle ex-refinery price for granulated basis white sugar was £204.35 (same) a tonne for home trade and £160.00 (£162.00) for export.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
Oct.	103.40-03.45	103.00-03.10	104.00-01.00
Dec.	104.80-04.35	104.90-04.95	106.10-03.25
March	110.00-10.05	111.15-10.20	110.90-08.75
May	112.40-12.60	112.90-13.05	114.45-11.50
Aug.	116.00-16.05	116.55-16.50	116.75-15.00
Oct.	118.90-19.00	118.90-20.00	119.50-18.00
Dec.	122.05-22.00	123.00-23.00	125.50-22.50

Sales: 3,250 (3,302) lots of 50 tonnes.
International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port)—Prices for Sept. 20: Daily 8.17 (8.01), 15-day average 7.87 (7.81).
EEC SUGAR IMPORT LEVIES: For white and raw sugar (natured and non-denatured), effective today, in units of account per 100 kilos with previous in brackets—White—26.39 (26.94). Raw—21.83 (unchanged).

SOYABEAN MEAL

The market fell away during the day ahead of an expected weaker Chicago market on which values were sharply lower. London closed 1.00 down, SNW Commodities reported.

	Yesterday Close	+ or −	Business Done
	£ per tonne		
October	112.20-14.0	−0.90	115.00-12.50
December	115.00-15.1	−1.40	117.00-15.00
February	116.00-17.0	−1.50	116.50-15.00
April	117.50-18.5	−1.85	118.00-19.00
June	119.00-19.5	−1.85	—
August	118.50-21.5	−1.0	—
October	118.50-22.5	−1.0	—

Sales: 82 (126) lots of 3 tonnes.

WOOL FUTURES

LONDON—The market was quiet, Bache reported.

SYDNEY GREASY (in order buyer, seller, business, sales). Micron Contract—Oct. 339.5, 340.0, 341.0-39.8, 30; Dec. 349.5, 350.0, 350.2-349.5, 13; March 356.5, 357.0, 357.8-357.0, 20; May 360.0, 360.6, 361.0-360.5, 33; July 364.5, 365.0, 365.5-365.0, 41; Oct. 369.0, 369.5, 369.5-369.5, 5; Dec. 373.0, 373.5, 373.0-372.5, 3; March 374.5, 375.0, 374.5-374.5, 2. Total sales: 145.

(Pence per kilo)

Australian Greasy Wool	Yesterday's Close	+ or −	Business Done
October	220.0-25.0	......	—
December	225.0-31.0	......	—
March	236.0-40.0	......	—
May	238.0-41.0	......	—
July	239.0-45.0	......	—
October	236.0-41.0	......	—
December	239.0-45.0	......	—
March	242.0-47.0	......	—

Sales: Nil (same) lots of 1,500 kilos.
NEW ZEALAND CROSSBREDS. Close: Dec. 185.5-88.5, untraded; March 186.0-87.5, untraded; May 188.0-89.5, 88.0, 5; July 187.0-91.0, rest untraded; Oct. 190.0-92.0; Dec. 190.0-92.0, March 190.0-94.0. Total sales: 5.

MEAT/VEGETABLES

MEAT COMMISSION. Average fatstock prices at representative markets on September 21: GB—Cattle 67.70p per kg.l.w. (−0.61), UK—Sheep 136.4p per kg.est.d.c.w. (−3.1), GB—Pigs 68.5p per kg.l.w. (−0.4).

England and Wales—Cattle numbers up 10.8 per cent, average price 67.48p (−0.88); Sheep down 4.3 per cent, average price 137.5p (−2.3); Pigs up 5.8 per cent, average price 68.5p (−0.4).

Scotland—Cattle numbers down 42.9 per cent, average price 68.82p (+0.45); Sheep up 11.9 per cent, average price 130.6p (−3.5).

SMITHFIELD (pence per pound)—Beef: Scottish killed sides 54.0 to 58.0; Ulster hindquarters 64.0 to 66.0, Ulster forequarters 35.0 to 37.0; Eire hindquarters 62.0 to 67.0, Eire forequarters 35.0 to 38.0.

Veal: English fats 62.0 to 72.0; Dutch hinds and ends 86.0 to 90.0.

Lamb: English small 58.0 to 62.0, medium 54.0 to 58.0, heavy 52.0 to 56.0; Scotch medium 54.0 to 58.0, heavy 52.0 to 56.5. Imported frozen: NZ PL 56.0 to 57.0, NZ YLs 53.5 to 54.0.

Pork: English, under 100 lbs 37.0 to 48.0, 100-120 lbs 38.0 to 44.0, 120-160 lbs 37.0 to 42.0.

Grouse: Young best (each) 180.0 to 220.0, old (each) 90.0 to 100.0.

Partridges: Young (each) 200.0 to 240.0.

COVENT GARDEN (Prices in sterling per package except where stated)—Imported produce: Lemons—Italian: 100/120s new crop 5.50-6.00; Spania: Trays 2.60-3.00, Boxes 4.00-6.00; S. African: 7.50-8.50. Oranges—S. African: Valencia Late 4.30-5.30; Brazilian: Valencia Late 3.50-3.90; Argentine: 5.00-5.50. Grapefruit—Dominican: 6.00; S. African: 48s 4.30; Jamaican: 5.30-5.80. Apples—French: New crop Golden Delicious 20lb 72s 1.50-1.90; 40lb 4.00, Stark Crimson 20lb 84 2.40, 72 3.30, Granny Smith 2.20-2.60; Portuguese: Per pound Golden Delicious 0.07. Pears—French: Alexandrines 2.80; Per pound Italian: Williams 0.15-0.18. Peaches—Italian: 1½ trays 3.00. Grapes—Italian: Regina 2.00-2.20. Bananas—Jamaican: Per pound 0.15. Avocados—Kenya: Fuerte 14/24s 3.60-3.80; S. African: Fuerte 3.60-3.80. Capsicums—Dutch: Per 5 kilos 3.30. Onions—Spanish: 3.00-3.20; Dutch: 1.90-2.40, Picklers 10 kilos 1.20. Melons—Spanish: Yellow 8/14 1.60-2.60. Tomatoes—Guernsey: 2.20-2.40; Dutch: 2.30-2.40. English produce: Potatoes—Per 25 kilos 0.80-1.20. Lettuces—Per 12 round 0.80, Cos 0.90, Webbs 1.00. Cucumbers—Per tray 12/24s new crop 1.30-1.60. Mushrooms—Per pound 0.60-0.70. Apples—Per pound Grenadier 0.03, Lord Derby 0.04-0.05, Bramley 0.05-0.08, Cox's Orange Pippin 0.07-0.10, Tydeman's 0.04-0.06, Worcester Pearmain 0.04-0.06, Russets 0.05-0.08. Pears—Per pound Williams 0.08, Conference 0.07-0.08. Plums—Per pound Bush 0.09, Marjorie's Seedling 0.15. Damsons—Per pound 0.18-0.20. Tomatoes—Per 12lb English 1.80-2.00. Cabbages—Per crate 0.70. Celery—Per head 0.08. Cauliflowers—Per 12 Lincoln 1.00-1.20. Runner Beans—Per pound Stick 0.10. Beetroot—Per 28lb 0.60. Carrots—Per 28lb 0.50-0.70. Capsicums—Per pound 0.30. Courgettes—Per pound 0.08. Onions—Per bag 1.60, Picklers 2.40. Swedes—Per 28lb 0.80. Turnips—Per 28lb 1.00. Parsnips—Per 28lb 1.00-1.20. Sprouts—Per pound 0.05-0.06. Cobnuts—Per pound Kent 0.30. Corn Cobs: Each 0.05.

*

LIVERPOOL COTTON—Spot and shipment sales amounted to 65 tonnes, bringing the total for the week so far to 723 tonnes, W. F. Tattersall reported. Limited contracts were placed, although demand was fairly persistent. Activity centred on Middle Eastern growths with scattered support in African and Latin-American varieties.

NEW COMMODITIES COMPANY FORMED

Thomson and McKinnon International, New York based stockbrokers, are forming a new commodities company in London. The title of the company will be Thomson McKinnon Commodities International.

The company will be a member of all the principal commodity futures markets in London. It is planned that trading operations will start early next month.

Catering board pays shortfall

The Hotel and Catering Industry Training Board has contributed £345,000 from its reserves to enable all grants payable under the 1977-78 training grant scheme to be met in full.

Contributions from the Manpower Services Commission, plus residual levy income, left the shortfall from a total payable of £1,640,250.

Jobs for 40

PALACE CHEMICALS, a newly formed company, is to occupy a 10,000 sq. ft. advance factory built by the English Industrial Estates Corporation at Speke, Liverpool. It will use the premises for manufacturing building chemicals, adhesives, paints and preservatives. About 40 people are expected to be employed as production is built up over the next two years.

PRICE CHANGES

Price in tonnes unless otherwise stated.

	Sept. 21 1978	+ or −	Month ago
Metals			
Aluminium	£710	......	£680
Free market (c/s)	$1,070/80	......	$1065/85
Copper cash W.Bar	£729.5	−1.25	£750.5
3 months do. do.	£748.75	−0.7	£764.25
Cash Cathode	£719	−1.25	£741.5
3 months do. do.	£738.5	+0.25	£756.5
Gold Troy oz.	$215.875	+2.0	$200.375
Lead cash	£359.875	+2.375	£335.25
3 months	£365.25	+2.5	£339.75
Nickel			
Free Market(cif)(lb)	$1.78 1.92	......	$1.79 1.92
Platinum troy oz.	£150	......	£134.5
Free Market	£136.9	+1.65	£135.55
Quicksilver (76lb.)	$122.27	......	$125/30
Silver troy oz.	286.1p	+1.05	278.9p
3 months	293.1p	+0.95	285.6p
Tin Cash	£7,100	−95.0	£6,737.5
3 months	£6,945	−52.5	£6,707.5
Tungsten (z)	$141.06	......	$134.24
Wolfram 22.04 lb cif	$140.45	+0.5	$137.41
Zinc cash	£322.25	−1.5	£321
3 months	£332.25	−1.25	£328.75
Producers	$625	......	$625
Oils			
Coconut (Phil)	$790x	+15.0	$695
Groundnut	£748	......	£648
Linseed Crude (v)	£323	−4.0	£326
Palm Malayan	$600x	−10.0	$570
Seeds			
Copra Phillip	$525y	......	$470
Soyabean (U.S.)	$286w	+10.75	$262
Grains			
Barley EEC	‡		‡
Home Futures	£79.95	−0.55	£80.55
Maize			
French No. 3 Am	£101	......	£100
Wheat			
No. 1 Red Spring	£91.25	+1.0	£90.85
No. 2 Hard Winter	£81.5r	+1.0	‡
English Milling†	£82.5r	......	£89.5
Cocoa shipment	£2,030	+3.0	£1,835
Future Dec.	£1,990.5	+3.0	£1794.5
Coffee Future			
Nov.	£1,498.5	−6.0	£1,478
Cotton 'A' Index	74.05c	+0.85	73.25c
Rubber kilo	59.5p	......	57.75p
Sugar (Raw)	£100	−2.0	£93
Wooltops 64s kilo	273p	......	278p

* Nominal. † New crop. ‡ Unquoted. m June-Aug. n July-Sept. y Sept. r Oct. s Sept.-Oct. v Nov. w Dec. x Per ton. z Indicator price.

INDICES

FINANCIAL TIMES

Sept. 20	Sept. 19	Month ago	Year ago
253.92	254.04	247.91	246.64

(Base: July 1, 1952=100)

REUTERS

Sept. 21	Sept. 20	Month ago	Year ago
1476.1	1475.9	1457.4	1501.3

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	Sept. 20	Sept. 19	Month ago	Year ago
Spot	381.11	380.12	364.83	370.55
Futures	377.14	378.93	359.04	335.29

(Average 1924-25-26=100)

MOODY'S

Moody's	Sept. 20	Sept. 19	Month ago	Year ago
Spie Commty	944.2	939.9	935.5	825.4

(December 31, 1931=100)

*

GRIMSBY FISH—Supply moderate, Demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £5.50-£7.00, codlings £3.40-£4.20, medium haddock £3.80-£4.30, small £3.40-£3.80, large plaice £5.00-£5.40, medium £5.00-£5.40, best small £4.50-£5.00, skinned dogfish (large) £7.50, medium £7.00, lemon soles (large) £8.00, medium £7.00, rockfish £2.80-£3.20, reds £1.52-£2.00, saithe £2.70-£3.60.

U.S. Markets

Sharp rally in metals, sugar eases

NEW YORK, Sept. 20.

PRECIOUS METALS rallied sharply following Arab disenchantment with the Egyptian-Israeli agreement while copper rallied strongly on trade arbitrage buying and speculative short-covering. Sugar eased on speculative liquidation on confusion towards the domestic political outlook, while cocoa rallied on light trade arbitrage buying. Coffee closed mixed in light trading, Bache reports.

Cocoa—Sept. 172.80 (171.60), Dec. 169.80 (166.60), March 168.55, May 166.90, July 164.75, Sept. 162.45, Dec. 160.66. Sales: 669.

Coffee—"C" Contract: Sept. 158.00-158.75 (160.25), Dec. 148.50-148.70 (147.25), March 137.75, May 131.75, July 127.00-127.25, Sept. 124.00-126.50, Dec. 122.00. Sales: 385.

Copper—Sept. 65.60 (64.60), Oct. 65.70 (64.75), Nov. 66.25, Dec. 66.80, Jan. 67.30, March 68.25, May 69.15, July 70.00, Sept. 70.80, Dec. 71.90, Jan. 72.10, March 72.80, May 73.45, July 74.10. Sales: 4,500.

This edition went to press before the latest U.S. market reports were received.

Cotton—No. 2: Oct. 61.90 (61.97), Dec. 64.12-64.15 (64.27), March 66.45, May 67.50, July 67.75-67.90, Oct. 65.25-65.35, Dec. 65.41, March 66.06 bid. Sales: 3,250.

*Gold—Sept. 215.50 (210.50), Oct. 216.00 (211.10), Nov. 217.60, Dec. 219.40, Feb. 222.90, April 226.50, June 230.10, Aug. 233.70, Oct. 237.30, Dec. 241.00, Feb. 244.60, April 248.30, June 252.00. Sales: 24,600.

†Lard—Chicago loose 25.00 (same). NY prime steam 26.50 traded (26.25 traded).

‡Maize—Sept. 212-211¾ (213½). Dec. 223¾-223½ (221½), March 232¾-233, May 239-238¾, July 242¾-242½, Sept. 243¾-244.

§Platinum—Oct. 266.80-267.20 (264.60), Jan. 270.00-270.60 (267.50), April 273.80, July 276.00, Oct. 279.00-279.20, Jan. 282.50-282.70, April 285.50-285.70. Sales: 973.

¶Silver—Sept. 568.40 (553.50), Oct. 567.20 (555.10), Nov. 571.30, Dec. 575.40, Jan. 579.40, March 587.90, May 596.70, July 605.70, Sept. 614.90, Dec. 629.00, Jan. 633.80, March 643.50, May 653.20, July 663.00. Sales: 9,000. Handy and Harman spot 562.00 (500.70).

Soyabeans—Sept. 690-691 (655½), Nov. 680-679 (664½), Jan. 686-685, March 692½-693, May 696½-697, July 696½-697, Aug. 690.

Soyabean Oil—Sept. 27.60 (27.45), Oct. 27.25-27.28 (26.30), Dec. 26.40-26.30, Jan. 25.55-25.95, March 25.55, May 25.10-25.15, July 24.78-24.70, Aug. 24.35 bid.

‖Soyabean Meal—Sept. 174.80-174.50 (172.30), Oct. 176.00-175.90 (172.40), Dec. 178.50-178.90, Jan. 179.50-180.00, March 181.50-182.00, May 182.50-183.00, July 184.00, Aug. 183.80.

Sugar—No. 11: Oct. 8.03-8.04 (8.03), Jan. 8.45-8.55 (8.50), March 8.63-8.64, May 8.83-8.84, July 9.03-9.23, Sept. 9.22, Oct. 9.32-9.33, Jan. 9.30-9.65. Sales: 4,400.

Tin—649.00-655.00 nom (645.00-650.00 nom).

**Wheat—Sept. 340-342 (337½), Dec. 337-335 (329½), March 335-335½, May 331, July 320½-321, Sept. 324 nom.

WINNIPEG, Sept. 20. ††Rye—Oct. 93.50 bid (92.90), Nov. 93.50 asked (93.50 asked), Dec. 92.80, May 96.50 asked, July 96.10.

††Oats—Oct. 74.40 bid (74.50), Dec. 73.50 asked (73.90 asked), March 73.50 asked, May 73.60 asked, July 73.40 asked.

‡‡Barley—Oct. 69.90 bid (70.60), Dec. 72.00 (72.10), March 73.20, May 74.10 bid, July 74.30 asked.

§§Flaxseed—Oct. 256.10 (255.00 bid), Nov. 256.00 asked (253.50 bid), Dec. 256.10 bid, May 259.40 asked, July 258.00 bid.

¶¶Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 171.99 (171.39).

All cents per pound ex-warehouse unless otherwise stated. * $s per troy ounce—100-ounce lots. † Chicago loose $s per 100 lbs—Dept. of Ag. prices previous day. Prime steam fob NY bulk tank cars. ‡ Cents per 56-lb bushel ex-warehouse, 5,000-bushel lots. § $s per troy ounce for 50-oz units of 99.9 per cent purity delivered NY. ¶ Cents per troy ounce ex-warehouse. ‖ New "B" contract in $s a short ton for bulk lots of 100 short tons delivered fob cars Chicago, Toledo, St. Louis and Alton. ** Cents per 60-lb bushel in store. †† Cents per 34-lb bushel. ‡‡ Cents per 48-lb bushel ex-warehouse. §§ Cents per 56-lb bushel ex-warehouse, 1,000-bushel lots. ¶¶ SC per tonne.

INANCIAL TIMES SURVEY

.S. FUTURES MARKETS

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IC NOTICES

OF BRADFORD
POLITAN COUNCIL
to £2,500,000 were issued
ber 1978 for maturity on
978 at a rate of 8 55/64ths
cations totalled £21,500,000.
g total £5,000,000.

STOCK EXCHANGE REPORT

Industrial leaders fail to maintain early firmness

Gilts extend recent improvement in negligible trade

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Sep. 4	Sep. 14	Sep. 15	Sep. 26
Sep. 18	Sep. 28	Sep. 29	Oct. 10
Oct. 2	Oct. 12	Oct. 13	Oct. 24

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Still drawing comfort from the pound's upturn in foreign exchange markets, London stock markets resumed from where they had left off the previous day. Leading equity dealers raised prices expecting to meet further investment inquiries but when these failed to materialise the trend was reversed and a downdrift ensued.

This gathered pace on fears that the Ford Motor offer of a five per cent pay increase and invitation to join in productivity talks could lead to serious labour unrest at the company.

Worries were further exacerbated by the latest developments at BL Cars, and the effect on sentiment showed in a gain of 2.7 at the 10 am calculation of the FT-share index being transformed into a closing net fall of 3.4 at 525.7.

The put-through of 1m Thorn Electrical shares at around 281p aroused considerable interest, solely on the amount involved which emphasised that funds were still readily available for lines of good quality issues, but it was not held responsible for the turnround in sentiment.

Speculative counters and situation stocks continued to have their followers, but recent speculators in Bourne and Hollingsworth were dismayed by the agreed bid terms of 235p cash from Raybeck and as bull positions were liquidated B. and H. tumbled 92 to 225p.

Meanwhile, British Funds edged forward again although the volume of business was described as desperately thin. Many operators appeared to hold the view that the recent firmness, which has taken both the near-short and long taps near to the Government broker's last operative prices, was flimsily based.

Corporations passed a slightly more interesting session and recorded rises extending to a point, but reflecting recent developments in Rhodesian, Southern Rhodesian bonds were easier and the 2½ per cent 1965/70 ended two point down at £51.

The combination of fresh institutional selling and higher rates for sterling put the investment currency premium under renewed pressure and the close was a further two points off at 88½ per cent. Yesterday's SE conversion factor was 0.6890 (0.6893).

Interest in the traded Option market remained at a fairly low ebb, total contracts amounting to 689 compared with recent levels of well over 1,000. Land Securities were the most actively traded with 122 deals, while GEC recorded 79 contracts and RTZ 70.

Leading Banks tended easier in subdued trading conditions, Barclays, 354p, and Midland, 365p, both losing a few pence. Elsewhere, Australian issues were again reactionary after the recent good improvement and National of Australia came back 9 further to 244p.

Conditions in the Insurance sector were also quiet and dull. General Accident gave up 6 to 214p and GRE were similarly cheaper at 244p. Still reflecting the fall in half-yearly profits, Eagle Star eased another 2 to 145p.

Buildings encountered a reasonable early demand, but drifted lower as interest waned in the latter half of the session. Continued demand in a market none too well supplied with stock left a rise of 14 to a 1978 peak of 123p in Y. J. Lovell, while Richard Costain attracted buyers and firmed 10 to 252p. Ahead of next week's interim report, IDC added a couple of pence to 132p and Southern Constructions improved fractionally to 8p awaiting today's interim results. Streeters of Godalming gave up 2 at 25p on the appearance of a few small sellers. Elsewhere, Tunnel B found support at 314p, up 4, while Leyland Paint held at 94p following the interim results.

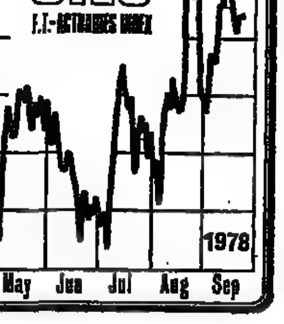
ICI touched 404p in early dealings, but a subsequent lack of interest brought a close of 398p, a net 3 lower. Elsewhere, Stewart Plastics added 8 more to 155p for a two-day gain of 15 on bid rumours, while small buying lifted Enalon Plastics 6 to 52p.

Store features

The overnight announcement of the agreed 235p per share cash offer from Raybeck caused a sharp reaction in Bourne and Hollingsworth which touched 220p before settling at 225p for a fall of 92 on the day; Raybeck gave up 4 to 96p. By way of contrast, Wilkinson Warburton responded to the good half-yearly achievement with a rise of 12 to 90p, while satisfactory interim results left Bentalls 2 firmer at 42p. Midland Educational moved up 12 more to 187p on the company's further rejection of the 150p cash bid from Pentos. Buyers continued to show interest in Bambers, 6 higher at 138p, while Church put on 5 further to 137p. Among the leaders, Gussies "A" cheapened 4 to 330p.

Following Wednesday's late rise of 10 on relief about the content of the Price Commission's report on the television rental industry, Thorn Electrical were active and 5 cheaper at 383p; a block of 1m shares has been placed through the market at around 381p per share. Other leading Electricals closed at the day's lowest following a reasonable business. GEC slipped 4 to 334p, while EMI, 163p, and Racal Electronics, 336p, lost 6 apiece. Dale Electronic stood out among the firm spots at 189p, up 10, while rises of 6 were recorded in Petbow, 144p, and Laurence Scott, 112p. Audio Fidelity put on 3 to 34p.

Apart from a reaction of 6 to 478p in John Brown, losses in the Engineering majors were limited to a penny or so. Among secondary issues, better than expected interim results from Ransomes Sims, up 17 at 172p, took the market by surprise, while the encouraging half-yearly statement prompted a gain of 8 to 156p in Wadkin. Scattered buying interest was again shown in Glynwed which firmed 3 more to 117p, while Acrow "A" also found support at 108p, up 4, but the fall in the half-yearly profits accompanied by a cautious statement on the outlook left Stone Platt 5 cheaper at 108p, after 105p. Comment on the interim figures encouraged fresh demand for Molins, up 6 more at 154p, while Chemring continued to reflect favourable Press mention and hardened 2 further to 108p.



Rowntree Mackintosh, at 425p, regained 3 of Wednesday's drop of 23 which followed interim figures well below general expectations. Elsewhere in Foods, Bluebird Confectionery edged forward a penny to 81p on small buying in front of today's preliminary figures, while Bernard Matthews hardened 2 to 174p on further consideration of the interim statement. Among the leaders, Tate and Lyle eased 2 to 192p and Northern Foods 3 to 113p.

Savoy Hotel "A" were finally 2 harder at 84p, after 86p, on confirmation that Grand Metropolitan has bought about 6.5m of the company's shares from Trafalgar House; Grand Metropolitan closed a penny easier at 116p, after 118p. Wheeler's Restaurants were raised 6 to 353p, but light profit-taking following the interim results left City Hotels 5 cheaper at 137p.

Randalls react

Industrial leaders held up reasonably well until the latter part of the day when prices tended a little easier. Boots were noteworthy for a fall of 4 at 217p, but other losses were usually limited to a couple of pence. Elsewhere, Gripperrods responded to Press mention with a rise of 9 to 72p, but Randalls, at 100p, reacted 6 following the previous day's rise of 22 on news of the possible bid from Fergus on Industrial Holdings. Renewed speculative buying left Bentima up 5 further at 39p, while the increased half-yearly profits and encouraging statement on the outlook for the remainder of the year prompted a gain of 5 to 134p in Stag Furniture. Dealings in Wm. Baird were suspended at 188p; the company announced a share exchange offer for Dawson International which is currently holding merger discussions with J. Haggas. E. Fogarty improved 9 to 185p in a restricted market and gains of 7 were marked against Charles Hill, 110p, and Hunting Associated, 365p. Still reflecting the good interim results and proposed one-for-one scrip issue, Burns Anderson put on 3 more to 60p. Buyers showed interest in Wilson and Walton which improved 5 to 42p, but Hoover remained on offer and reacted that amount to 290p. Reports of an oil find in the Bass Straits prompted a rise of 50 to 765p in Broken Hill Proprietary.

The Leisure sector featured Barr and Wallace Arnold A which advanced 16 to a high for the year of 160p on renewed buying. Due to announce the annual profits next Wednesday, Campari and the B added 3 apiece to 136p and 125p respectively.

Rolls-Royce continued firmly, rising 2 to 119½p for a two-day improvement of 9½. Harold Perry, however, contrasted with a reaction of 7 to 130p despite substantially improved first-half profits and the dividend forecast. Other dull spots included Dowty and Tate of Leeds both of which lost 4 at 291p and 81p respectively.

In a larger turnover than expected, International Thomson common shares advanced 5 to 310p and the convertible preference 6 to 246p. A couple of pence easier awaiting the interim results, United Newspapers rallied on the announcement and closed a penny better on balance at 403p.

Against the general trend, Properties held firm in extremely thin trading. In the leaders, Land Securities fared best with a rise of 3 at 250p, while Stock Conversion added a couple of pence at 276p. Secondary issues featured Imry and Chesterfield both of which improved 10 to 358p and 360p respectively, and McKay Securities, 13 better at 275p. Bradford, 260p, and Great Portland Estates, 214p, put on 5 and 4 respectively, while Berkeley Hambro hardened 3 to a high for the year of 143p. Further consideration of the interim statement left Brixton Estate 3 up at 113p, but Nolton, 44p, were unmoved by the annual results. Small selling trimmed 4 from Bernard Sunley at 282p.

Oils quietly firm

In a modest turnover, British Petroleum firmed 4 to 916p and Shell 5 to 580p. Lasmo issues performed well on hopes that the Ninian Field may come on stream earlier than expected; the ordinary and "Ops" added around 6 apiece at 146p and 350p respectively. Oil Exploration drifted lower at 224p, down 4, and Siebens UK shed 10 at 370p, the latter following a brokers "sell" recommendation.

Investment Trusts fluctuated narrowly in light trading and closed little changed. G.T. Japan hardened 2 to 188p for a two-day gain of 5 on the preliminary results, while "Investing in Success" Equities edged up a penny to 176p on the first-half profits increase. Brycourt Investment, however, eased 3 to 126p awaiting fresh news of the Board's moves to place the company in voluntary liquidation. Among overseas issues, Selected Risk Investment fell 10 to 410p and U.S. Trust Fund 20 to 790p. M. and G. Holdings, 8 better at 150p, provided the only movement of note in Financials.

Among Textiles, SEET closed 3 better at 74p following the annual meeting. Hugh Mackay reflected the first-half profits increase with a rise of a penny to 46p, while speculative demand lifted Tricoville 5 to 85p.

Plantation Holdings remained on offer in Rubbers, falling 3 to 69p for a two-day reaction of 5 on the first-half profits setback.

South Africans lost ground with Primrose shedding 4 to 68p and Greatermans A 20 to 155p.

Steadier Golds

South African Golds steadied after their recent uncertainty, buoyed by the record bullion price which closed $2 higher at $215.875 an ounce. Although demand from the Continent, Johannesburg and the U.S. was good, the market having discounted the resignation of Mr. John Vorster as South Africa's Prime Minister, the firmness of the dollar price was not reflected in sterling terms.

The fall in the investment dollar premium held back gains and the Gold Mines Index was up 1.8 at 183.1.

Rises to 50p were recorded among the heavily-priced stocks, as in Western Holdings at £21½. President Steyn closed 25 higher at 987p, while FS Geduld rose ½ to £19½.

But Platinums were sluggish with losses of 2 or 3, leaving Bishopsgate at 96p, Lydenburg at 66p and Rustenburg at 96p.

The movement of the premium made South African Financials a sensitive market but De Beers steadied, closing at 436p for a loss of 4, after sharper falls in recent days. Amgold were unchanged at £18½ in advance of their interim figures.

Among the London Financials, Selection Trust moved 4 higher to 488p on their half yearly results, but small selling after Wednesday's announcement of interim figures left Rio Tinto-Zinc at 241p for a fall of 9p.

Demand for Australian diamond stocks continued but the premium's fall held back prices, leaving Haoma with a gain of 2 at 60p and Magnet 1 harder at 40p.

But Uraniums were dull after the Aboriginal stand on the Ranger project. Peko-Wallsend moved 12 lower to 536p and EZ Industries slipped 5 to 265p, while Pancontinental lost 1 to £11¼.

Coppers, Rhodesians and Tins were little changed, but among Irish Canadians, Tara Exploration shed 40 to 325p reflecting the movement of the premium and the Canadian market price.

FINANCIAL TIMES STOCK INDICES

—	Sept. 21	Sept. 20	Sept. 19	Sept. 18	Sept. 15	Sept. 14	A year ago
Government Secs.	70.81	70.71	70.57	70.58	[illegible]	[illegible]	[illegible]
Fixed Interest	72.38	72.17	72.10	72.14	72.12	72.16	[illegible]
Industrial	525.7	529.1	525.2	530.8	530.6	535.5	[illegible]
Gold Mines	183.1	181.3	182.2	181.9	[illegible]	[illegible]	[illegible]
Ord. Div. Yield	5.13	5.10	5.14	5.09	5.08	5.04	[illegible]
Earnings, Y'ld% (full)(*)	14.54	14.45	14.57	14.45	[illegible]	[illegible]	[illegible]
P/E Ratio (net)(*†)	9.11	9.16	9.09	9.18	[illegible]	[illegible]	[illegible]
Dealings marked	5,012	5,164	5,563	5,474	6,257	[illegible]	[illegible]
Equity turnover £m.	—	77.84	72.12	84.46	114.80	125.96	[illegible]
Equity bargains total	—	17,097	16,925	19,425	22,478	[illegible]	[illegible]

10 am 531.3. 11 am 530.3. Noon 528.4. 1 pm 527.8. 2 pm 527.6. 3 pm 527.4.

Latest Index [illegible]

* Based on 52 per cent corporation tax. † Nil=[illegible]

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (6/1)	68.79 (5/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	70.73 (6/6)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	535.5 (14/9)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	206.6 (14/8)	130.6 (5/1)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Sept. 21	Sept. 20
—Daily		
Gilt-Edged	145.4	141
Industrials	[illegible]	195
Speculative	[illegible]	32
Totals	114.1	117
5-day Average		
Gilt-Edged	137.5	134
Industrials	208.8	219
Speculative	35.9	40
Totals	125.1	129

LONDON TRADED OPTIONS

Option	Ex'rcise price	October Closing offer	October Vol.	January Closing offer	January Vol.	April Closing offer	April Vol.	Equity close
BP	800	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BP	850	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BP	900	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BP	950	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Com. Union	140	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Com. Union	160	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cons. Gold	160	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cons. Gold	180	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cons. Gold	200	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Courtaulds	110	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Courtaulds	120	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GEC	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Land Secs.	220	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Land Secs.	240	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Marks & Sp.	70	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Marks & Sp.	80	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Marks & Sp.	90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shell	500	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shell	550	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shell	600	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Totals			280		[illegible]		[illegible]	
GEC	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Grand Met.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ICI	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Land Secs.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option	Ex'rcise price	November Closing offer	November Vol.	February Closing offer	February Vol.	May Closing offer	May Vol.	Equity close
BOC Intl.	70	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BOC Intl.	80	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Boots	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EMI	140	34	—	56	—	42	2	164
EMI	160	18	9	23	—	29	4	
EMI	180	7	31	15	5	18	7	
RTZ	240	18	18	34	8	32	—	241
RTZ	260	8	1	18	8	22	—	
RTZ	280	3	10	8	25	12	5	
Totals			111		58		48	

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (112)

CORPORATION LOANS (1)
AMERICANS (1)
BANKS (3)
BUILDINGS (7)
CHEMICALS (1)
DRAPERY AND STORES (10)
ELECTRICALS (5)
ENGINEERING (21)
HOTELS (2)
INDUSTRIALS (30)
LEISURE (4)
MOTORS (1)
NEWSPAPERS (2)
PAPER AND PRINTING (1)
PROPERTY (8)
SHIPPING (1)
TEXTILES (7)
TRUSTS (2)
RUBBERS (1)
TEAS (1)
MINES (2)

NEW LOWS (7)

COMMONWEALTH AND AFRICAN LOANS (1)
Sth. Rhodesia 6pc 78-81
AMERICANS (1)
General Elect.
ENGINEERING (2)
Birmid Qualcast · Braithwaite
INDUSTRIALS (2)
Baxter Travenol · Hestair
PAPER (1)
Finlas

FOOD PRICE MOVEMENTS

	September 21 £	Week ago £	Month ago £
BACON			
Danish A.1 per ton	1,115	1,115	1,115
British A.1 per ton	1,085	1,085	1,085
Irish Special per ton	990	990	1,085
Ulster A.1 per ton‡	1,030	1,000	1,085
BUTTER			
NZ per 20 kg	12.59/12.72	12.30/12.72	12.59/12.72
English per cwt†	75.59	75.59	74.11
Danish salted per cwt†	78.98/81.72	78.98/81.72	76.98/77.55
CHEESE¶			
NZ per tonne	1,161.50	1,161.50	1,161.50
English cheddar trade per tonne	1,275	1,275	1,275
EGGS*			
Home-produce:			
Size 4	3.00/3.40	2.95/3.10	2.30/2.60
Size 2	3.65/4.20	3.65/4.20	3.00/3.40
	September 21 p	**Week ago p**	**Month ago p**
BEEF			
Scottish killed sides ex-KKCF	54.0/58.0	54.0/58.0	53.0/58.0
Eire forequarters	35.0/38.0	—	36.0/37.0
LAMB			
English	54.0/58.0	54.0/59.0	52.0/58.0
NZ PLs/PMs	—	54.5/55.0	53.5/54.5
PORK (all weights)	37.0/46.0	36.0/46.0	36.0/44.0
POULTRY—Broiler chickens	36.0/39.0	36.0/39.0	34.0/41.5

* London Egg Exchange price per 120 eggs. † Delivered.
‡ Unavailable. ¶ For delivery September 23-30.

OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Sep. 12	Sep. 25	Dec. 7	Dec. 19
Sep. 26	Oct. 9	Dec. 28	Jan. 9
Oct. 10	Oct. 23	Jan. 11	Jan. 23

For rate indications see end of Share Information Service

Stocks favoured for the call were Magnet Metals, UDT, ERF, Fitch Lovell, English Property, Gill and Duffus and Aaronson Bros. Puts were dealt in EMI, ICI and Pacific Copper, while doubles were arranged in UDT, Royco and Corinthian.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	58	1	17
Corpns., Dom. and Foreign Bonds	8	2	52
Industrials	332	271	835
Financial and Prop.	101	96	311
Oils	12	7	17
Plantations	3	11	17
Mines	57	34	37
Recent Issues	14	11	6
Totals	585	433	1,292

ACTIVE STOCKS

Stock	Denomina-tion	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
ICI	£1	15	398	−3	421	328
BP	£1	11	916	+4	926	720
GEC	25p	11	334	−4	338	233
Thorn Elect.	25p	10	383	−5	400	308
Beecham	25p	8	733	−2	743	583
Burmah Oil	£1	8	75	−1	89	42
De Beers Defd.	R0.05	8	436	−4	488	285
Grand Met.	50p	8	116	−1	121	87
Midland Bank	£1	8	363	−3	390	330
Shell Transport	25p	8	580	+5	602	484
Barclays Bank	£1	7	354	−2	368	295
GUS "A"	25p	7	330	−4	340	236
GKN	£1	7	294	−1	298	248
Imperial Group	25p	7	83½	−½	89	71½
Marks & Spencer	25p	7	88	—	94	67½

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −	Div.	Times Covered	Gross Yield	P/E Ratio
65	F.P.	31/8	87	71	Cartiers Superfoods	88	.....	b2.41	3.1	4.3	7.6
¶¶	F.P.	—	12¾	4	Emray	10	.....	—	—	—	—
115	F.P.	8/9	169	136	Jones (E.) (Jew Irs) 20p	162	+2	b5.5	2.1	5.1	14.1
¶¶	F.P.	—	36½	36	Manor Nat Grp. Motors	56	.....	b2.14	1.3	8.9	12.8

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible] 12% Conv. Prf.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Camden Var. Rate Red. 1983	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Do. 12½% Red. 1985	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Cowan De Groot 10% Prf.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Hill & Smith 14% 1st Deb. 2000-03	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Jones (E.) [illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Kensington and Chelsea Var. Rate 1983	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Latham James [illegible] Cum. Pref.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Northampton Var. Rate Red. 1983	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Strathclyde Var. Rate 1983	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Wandsworth Variable 1983	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Aaronson Bros.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	B.T.R.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Bank of Montreal	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Barlow Rand	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Blackwood Hodge	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	British Printing	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Chubb	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Cie. Fr. Petroles	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Dalgety	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Dorada	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Dufay Bitumastic 10% Cum. Ln.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Globe and Phoenix	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Hill & Smith	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Howden Group	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Initial Services	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Kunick Holdings	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Lex Service	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Lon. & Midland Ind.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Property Partnerships	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Ratners (Jewellers)	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Reliance Knitwear	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Ricardo Eng.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Wearwell	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS
GROUPS & SUB-SECTIONS
Figures in parentheses show number of stocks per section

		Thurs., Sept. 21, 1978 Index No.	Day's Change %	Est. Earnings Yield % (Max.) Corp. Tax 52%	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net) Corp. Tax 52%	Wed. Sept. 20 Index No.	Tues. Sept. 19 Index No.	Mon. Sept. 18 Index No.	Fri. Sept. 15 Index No.
1	CAPITAL GOODS (171)	254.63	−0.2	15.22	4.89	9.03	255.01	254.05	255.66	254.44
2	Building Materials (27)	221.78	—	15.91	5.06	8.67	221.79	220.91	221.95	223.60
3	Contracting, Construction (28)	416.95	+0.9	17.15	3.75	8.50	413.26	412.81	418.65	411.06
4	Electricals (14)	573.58	−0.9	12.64	3.23	10.94	578.70	572.64	577.32	570.81
5	Engineering Contractors (14)	381.65	+0.4	17.40	5.70	7.79	380.22	381.91	388.53	378.24
6	Mechanical Engineering (72)	202.03	−0.1	16.30	5.39	8.19	202.21	202.09	203.16	202.41
8	Metals and Metal Forming (16)	181.80	—	14.75	7.81	9.39	181.73	181.23	182.91	182.60
11	CONSUMER GOODS (DURABLE) (53)	222.28	−0.4	15.71	4.76	8.87	223.27	221.27	224.46	223.58
12	Lt. Electronics, Radio TV (16)	271.62	−0.8	13.79	3.75	10.15	273.68	270.82	275.98	274.35
13	Household Goods (12)	188.47	+0.1	15.92	6.01	8.66	188.34	189.82	190.09	188.94
14	Motors and Distributors (25)	134.39	−0.1	18.79	6.14	7.38	134.46	133.20	134.42	134.03
21	CONSUMER GOODS (NON-DURABLE) (172)	222.53	−0.2	14.94	5.53	9.03	223.08	222.03	224.82	224.66
22	Breweries (14)	236.35	−0.2	14.72	5.94	9.35	236.80	235.21	238.58	238.95
23	Wines and Spirits (6)	293.76	−0.9	14.51	4.89	10.29	296.32	292.67	297.84	299.10
24	Entertainment, Catering (17)	278.95	−0.3	14.55	6.23	10.03	279.76	277.17	281.18	278.99
25	Food Manufacturing (20)	217.79	—	17.38	5.14	7.62	217.87	218.93	220.71	220.35
26	Food Retailing (15)	235.26	—	12.91	4.37	10.74	235.32	233.97	235.94	234.50
32	Newspapers, Publishing (12)	407.69	−0.2	19.15	5.90	7.37	408.44	406.44	414.00	413.76
33	Packaging and Paper (15)	151.47	−0.3	17.14	7.05	7.69	151.93	150.75	152.18	153.17
34	Stores (40)	210.51	−0.6	10.38	4.31	14.09	211.69	209.46	213.02	212.98
35	Textiles (25)	184.00	−0.3	17.85	7.53	7.30	184.50	184.24	186.03	184.62
36	Tobaccos (3)	252.22	+0.4	21.83	7.43	5.42	251.11	252.61	254.09	254.93
37	Toys and Games (6)	123.37	−0.1	18.37	5.18	6.36	123.54	123.39	124.87	124.88
41	OTHER GROUPS (98)	217.86	−0.2	14.30	5.52	9.01	218.36	216.80	219.10	220.47
42	Chemicals (19)	303.68	−0.4	14.99	6.22	8.70	304.78	302.19	305.77	312.22
43	Pharmaceutical Products (7)	287.15	−0.2	10.08	3.58	12.21	287.69	285.76	288.16	287.33
44	Office Equipment (6)	146.05	−0.8	16.64	5.20	7.17	147.17	147.17	148.98	147.76
45	Shipping (10)	440.69	+0.1	14.18	6.92	9.05	440.27	439.09	448.14	444.98
46	Miscellaneous (56)	232.63	−0.1	15.88	5.86	8.36	232.76	230.80	233.57	233.39
49	INDUSTRIAL GROUP (495)	236.72	−0.2	14.91	5.30	9.01	237.27	235.99	238.50	238.42
51	Oils (5)	516.56	+0.6	13.53	3.89	8.03	513.39	510.62	514.93	517.54
59	500 SHARE INDEX	260.30	−0.1	14.71	5.10	8.85	260.59	259.19	262.86	261.97
61	FINANCIAL GROUP (100)	174.00	−0.2	—	5.59	—	174.42	174.66	176.10	175.51
62	Banks (6)	194.32	−0.4	24.06	6.03	6.24	195.15	196.00	198.71	198.72
63	Discount Houses (10)	218.06	−0.1	—	7.93	—	218.30	218.30	218.49	217.36
64	Hire Purchase (5)	162.29	−1.0	15.01	5.08	8.79	164.00	163.05	165.85	162.74
65	Insurance (Life) (10)	143.26	+0.1	—	6.48	—	143.18	143.56	145.49	144.64
66	Insurance (Composite) (7)	130.59	−1.2	—	6.71	—	132.14	132.13	133.33	132.77
67	Insurance Brokers (10)	349.54	+0.6	13.52	4.57	10.58	347.31	349.49	352.28	351.38
68	Merchant Banks (14)	85.99	−0.3	—	5.65	—	86.29	87.02	87.07	87.48
69	Property (31)	268.78	+0.7	3.20	2.82	54.19	266.90	265.64	264.79	262.74
70	Miscellaneous (7)	114.35	+0.3	22.10	7.31	5.86	114.01	114.02	114.94	115.34
71	Investment Trusts (50)	232.84	−0.3	3.00	4.45	33.36	233.45	233.74	236.52	235.09
81	Mining Finance (4)	109.72	−1.2	16.08	6.49	7.57	111.04	110.03	112.71	112.25
91	Overseas Traders (19)	330.86	+0.2	14.82	6.95	8.46	330.13	328.62	330.38	331.81
99	ALL-SHARE INDEX (673)	237.76	−0.2	—	5.22	—	238.11	237.15	239.57	239.45

FIXED INTEREST PRICE INDICES

	British Government	Thur., Sept. 21	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	105.28	+0.07	—	6.70
2	5-15 years	115.89	+0.14	—	7.39
3	Over 15 years	122.12	+0.20	—	9.36
4	Irredeemables	128.99	+0.28	—	9.02
5	All stocks	113.84	+0.14	—	7.84

FIXED INTEREST YIELDS
Br. Govt. Av. Gross Red.

			Thur. Sept. 21	Wed. Sept. 20
1	Low Coupons	5 years	8.88	8.89
2		15 years	10.82	10.84
3		25 years	11.67	11.69
4	Medium Coupons	5 years	11.66	11.67
5		15 years	12.04	12.06
6		25 years	12.05	12.07
7	High Coupons	5 years	11.58	11.60
8		15 years	12.57	12.59
9		25 years	12.75	12.77
10	Irredeemables		11.48	11.51

		Thur. Sept. 21 Index No.	Thur. Sept. 21 Yield %	Wed. Sept. 20	Tues. Sept. 19	Mon. Sept. 18	Friday Sept. 15	Thurs. Sept. 14	Wed. Sept. 13	Tues. Sept. 12
15	20-yr. Red. Deb & Loans (15)	57.64	12.90	57.64	57.55	57.55	57.67	57.67	57.82	57.85
16	Investment Trust Prefs. (15)	51.86	13.38	51.87	51.87	51.87	51.12	51.12	51.38	51.38
17	Coml. and Indl. Prefs. (20)	71.39	12.85	71.37	71.21	71.21	71.31	71.20	70.97	70.94

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. [illegible]

[illegible]

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INSURANCE AND PROPERTY BONDS

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INSURANCE BASE RATES

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LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
24	17	Antofagasta Rly.	24	......	—	—
41	33	Do. 5pc Pref.	41	......	—	—
98	98	Chilean Mixed	98	......	—	£3.10
415	350	German Yng. 4½pc.	411	......	4½	—
54	46	Greek 7pc Ass.	52	......	3½	£6.90
51	46	Do 6pc 28 Stab. Ass.	50	......	6	£6.04
44	40	Do 4pc Mixed Ass.	42	......	4	£5.05

BONDS & RAILS—Cont.

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 44⅞% (based on US$1.9825 per £)

Conversion factor 0.6890 (0.6895)

CANADIANS

S.E. List Premium 44⅞% (based on $2.2239 per £)

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FINANCE

DIAMOND AND PLATINUM

MINES—Continued

CENTRAL AFRICAN

AUSTRALIAN

TINS

COPPER

MISCELLANEOUS

High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
68	35	Barymin	57	−3	—	—	—
17	9	Burma Mines 17½p.	13	......	—	—	—
300	215	Cons. Murch. 10c	280	−5	‡Q30c	2.6	‡
465	245	Northgate C$1	355	......	—	—	—
258	164	R.T.Z.	241	−9	9.5	2.8	6.0
90	30	Sabina Inds. C$1	52	......	—	—	—
£12	750	Tara Exptn. $1	825	−40	—	—	—
74	43	Tehidy Minerals 10p	74	......	♦2.35	♦	2.7
185	120	Yukon Cons. C$1	147	......	Q7c	2.9	2.3

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent, and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- †† Unlisted security.
- ø Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♠ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- ‖ No par value

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 32

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	25	......	Shelf Refreshmt.	63	......
Ash Spinning	46	−2	Sindall (Wm.)	105	......
Bertams	20	......			
Bdg'wtr Est. 50p	322	......			

IRISH

OPTIONS
3-month Call Rates

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Friday September 22 1978

Protection for credit card users extended

By Michael Blanden

THE TWO big bank credit cards, Access and Barclaycard, have introduced new protection for users in response to continuing pressure from the Office of Fair Trading.

The move provides limited cover against faulty goods for customers who took out their credit cards before July 1 last year when an important section of the Consumer Credit Act came into effect.

It still leaves two different classes of cardholder. Those who took their cards since the beginning of July 1977 enjoy much greater protection under the Act.

Uncertainty

Mr. Gordon Borrie, the Director General of Fair Trading, said the move was a "step in the right direction." But he added: "I cannot be totally happy about the continuing uncertainty for cardholders about their legal rights."

Speaking in a radio interview, Mr. Borrie said that by creating two classes of cardholders the banks had "flouted the intentions of Parliament." He would consider what action should be taken to achieve equal status for all cardholders.

The banks' decision means that holders of cards taken out before July 1 last year will be able to claim against the card company for defective goods, but only up to the amount actually charged to the Access or Barclaycard account. It affects most of the 3½m holders of Access and nearly 4m Barclaycard holders.

Pressure

This contrasts with the position of new cardholders since July 1, 1977. Under Section 75 of the Act, they can claim from the card company not only the amount they borrowed for the goods but the full value of the goods or services and any consequential loss or damage.

The banks have resisted pressure to extend the same cover to all cardholders, arguing that the Act did not make the provision retrospective.

They pointed out yesterday however, that they have, and would help cardholders in making claims against retailers, as well as agreeing to take limited liability for claims by holders of the older cards.

News Analysis Page 6

Stern's group lent £458,000 to his wife

BY MARGARET REID

THE 180-company private group of Mr. William Stern, the former property tycoon who has become bankrupt with a record £104m personal debts, lent £458,000 to his wife in the three years before its crash in May, 1974.

This is revealed in the statement that creditors, including a long list of banks and other lenders who advanced money to Mr. Stern's property companies under his personal guarantee, have received ahead of his examination in bankruptcy on October 20.

The statement puts Mr. Stern's liabilities at more than £104m and his assets at only £10,070. *Mr. Stern is now acting as a consultant* to certain companies for £25,000 a year and has been receving financial help form his family since his property empire crumbled in the secondary banking and property crisis.

The statement, which says that Mr. Stern personally had no loans from his companies, shows that of the £458,000 which these concerns advanced to Mrs. Stern in the earlier 1970s, £160,000 was used *for renovating and* refurnishing Mr. and Mrs. Stern's Hampstead, north London, house and for buying paintings.

Another £216,000 was used for living expenses, £30,000 for charitable donations, £27,000 for purchase of shares and £25,000 as a payment under Mr. Stern's personal guarantee.

Creditors learn that Hungarian-born Mr. Stern, 43, and a U.S. citizen, gave guarantees for more than £103m in the period up to April, 1974 to cover advances to his property companies and in other connections.

The statement records that Mr. Stern "who admits knowledge of insolvency *since* May, 1974, attributes his failure to the signing of guarantees on behalf of his Wilstar group of companies."

The statement traces how, coming to Britain after study at a U.S. law school, Mr. Stern first worked with his father-in-law, Mr. Osias Freshwater, in the latter's group of residential property companies, afterwards striking out on his own, having been assigned a portfolio of property.

The last audited, but unsigned, accounts of Wilstar Securities (owned by Mr. and Mrs. Stern and family trusts and controlling the 180 companies known as the "Stern Group") showed shareholders' funds of £25.7m at June 30, 1973.

After the collapse *in Spring*, 1974, most of the companies became the subject of a scheme *of ararngement under the Companies* Act, administered by accountants W. H. Cork Gully, but other companies were wound up.

A meeting of Mr. Stern's creditors was held on August 7, 1975 "to consider his proposals for payment to them but no agreement was reached."

Nearly three years later, proceedings brought by a large creditor, Keyser Ullmann, the merchant bank, which was owed £20½m, resulted in Mr. Stern's being adjudged bankrupt on May 30 this year. The statement of affairs showed £24 owed to the Crown Agents and a string of debts to various banks and other lenders.

Mr. George Auger, of accountants Stoy Hayward, was appointed trustee in bankruptcy for Mr. Stern at a creditors' meeting on June 13.

The Stern group's operation in its prospering days is described in the statement as having been "based on the principle of maintaining a portfolio of low income producing investment properties, *involving payment of* substantial interest charges, to be subsidised out of the profits of a commercial property development and general trading programme."

"Between May, 1971 and April, 1974," it says, Mr. Stern "gave his personal guarantee in support of moneys advanced to companies in his group by banks and financial institutions and he also gave guarantees on behalf of third parties outside his normal business activities."

Detailing help that Mr. Stern has received from his family since his group's collapse, the statement shows that in the three years to March, 1978 he had gifts of £45,900 from relatives. In December, 1974 the house in Hampstead in which Mr. Stern still lives was bought for £110,000 by his father, who also took over the £57,000 mortgage.

Crown Agents inquiry Page 8

Pay deals may be cut to 3% in engineering industry

By Christian Tyler, Labour Editor

MANY engineering employers may be able to offer pay rises of only 2 or 3 per cent this autumn. This could further reduce their chances of peaceful *settlements* within the Government's 5 per cent limit.

The industry is worried about the lack of negotiating freedom, and employers are bracing themselves for attacks on the pay policy presaged by the big Ford Motor walk-outs yesterday.

The problem faces large numbers of companies in the Engineering Employers Federation—to which Ford does not belong. *It arises from earnings guaranteed* by last April's national engineering wage agreement and not due for payment until after the current phase of pay policy begins.

One of those affected will be BL when it makes a common wage offer on November 1 to its 130,000 employees.

Concern

At least one large employer is understood to have said that without some Government dispensation it could face a strike. Informal contracts between the EEF and the Department of Employment have confirmed that the offset must be made.

The EEF's concern with this problem is outweighed by greater fears over holding the 5 per cent limit at all—but local union negotiations are unlikely to take the same attitude.

About two-thirds of the EEF's 6,000 member companies could have the problem caused by the fact that their industry-wide agreement has overlapped stages of incomes policy.

The national agreement, to be operated in two stages, will lift overtime and shift earnings everywhere. This money, negotiated during Stage Three, becomes automatically payable when local agreements are made whether during Stage Three or Stage Four. The Stage Three 10 per cent limit made the offset less of a problem, but Stage Four's 5 per cent leaves less room for negotiation.

The chances of the Government's allowing further headroom may be diminished by the fact that early this year it bent the rules to allow a relatively small number of low-paid engineering workers to go above the limit. This concession was made in the face of a threatened two-day national strike.

Management shake-up to halt transport decline in London

BY IAN HARGREAVES, TRANSPORT CORRESPONDENT

LONDON TRANSPORT yesterday announced a management shake-up designed to halt the decline in passenger levels and improve the performance of buses and trains.

Mr. Ralph Bennett, who took over as chairman of London Transport in April, said that the changes represented the biggest re-organisation in the 50-year history of the service.

His aim is to decentralise the management system and create general manager posts with total line responsibility for the operation, finance and administration of parts of the service.

Buses will be organised into eight districts instead of the present four and the public will be encouraged to take complaints and suggestions to their local general manager, whose name may appear on the side of buses under his command.

Railways will continue to be managed as groups of lines, but the managers' responsibilities will be greatly increased.

Mr. Bennett said London Transport wanted to reverse the trend which has seen a 9 per cent reduction in bus passenger *miles in the last decade and* increase its share of the capital's transport market, even though London's population would continue to decline.

The exeutive wants to increase its percentage of journeys in the capital from 37 to 40 per cent in the next decade. This would mean £30m to £40m extra revenue on a present turnover of less than £400m.

Mr. Bennett said that many of his ideas for the re-organisation resulted from his experience in provincial bus services, but the detailed planning is the work of Mr. John Stansby, deputy chairman and a former management consultant, who has already launched phase two of a study leading to changes in the central administrative organisation of the executive.

Another important change is the strengthening of London Transport's marketing effort, with an increase in television promotion and a punchier style. There will also be more direct sales effort, based on discount promotions such as block sales of tickets to employers.

"It is remarkable, but at the *moment London Transport does* not employ a single sales representative."

Mr. Bennett said he had asked the Greater London Council, with which London Transport has had a stormy relationship since the Conservatives took control last year, for co-operation during the period of change.

Mr. Horace Cutler, the council's leader and the man behind its decision to tighten the purse strings on London Transport, was said to have given a "sympathetic reception" to the request.

Demand for end of development council's grant

Financial Times Reporter

THE NORTH of England Development Council suffered a blow yesterday to continuing its present role. Tyne and Wear County Council's ruling Labour group reaffirmed a decision to withdraw its annual grant of £83,980 from the development council.

The group met to reconsider its recommendation in the light of a meeting earlier this week of the newly-formed North-East County Councils Association which recommended changing the development council's function to one of promotion and publicity.

Baird makes £31m bid for Dawson International

BY TERRY OGG

WILLIAM BAIRD, a textiles and industrial holdings group, yesterday announced a £31m share and cash bid for those shares of Dawson Internationtl, a luxury knitwear manufacturer based in Scotland, it does not already own.

Baird, which already holds 28.3 per cent of Dawson's ordinary shares, is offering two of its shares plus 240p for every three Dawson shares. A similar offer is being made *for Dawson's* "A" class *non-voting shares*, of which Baird owns 35 per cent.

The offer values the company at £44m *compared with* Baird's own market capitalisation of £31m.

Dawson directors meet today to consider the bid terms but are likely to reject them.

The bid was precipitated by an announcement earlier this week that the boards of Dawson and *a Yorkshire based textiles group*, John Haggas, were discussing plans for a merger. According to Mr. Brian Haggas, chairman of the Yorkshire company, agreement on the proposals, under which Dawson would have taken over Haggas, had been reached and were to be made public yesterday.

"The bid came completely out of the blue and has prevented the merger going through," Mr. Haggas said. "However, if the bid isn't successful, the deal as already agreed will be put to shareholders of Haggas and Dawson. That would be very much the wishes of both companies' boards."

Trading in *Dawson* shares was suspended when the Haggas discussions were disclosed, while Baird's shares were temporarily suspended at the opening of trading yesterday. Based on Baird's suspension price of 188p, the *bid* values each Dawson share at 205p. Dawson's price before suspension was 156p.

Merchant banks S. G. Warburg and Robert Fleming have agreed to buy any of the new Baird shares issued as a result of the offer at a price of 165p. Dawson shareholders taking the cash alternative thus available would receive 190p a share. The cash offer will not be extended beyond the first closing date of the offer.

The new stock units will rank equal in all respects with ordinary Baird shares and will receive the 4.422p net interim dividend in respect of the year to December 31. Baird intends to recommend a final dividend of 5.9431p net per ordinary share, making a total of 10.3651p for the year.

Outlining the reasons for the bid yeserday, Mr. Stanley Field, Baird's chairman said that his company had been asked to indicate whether it would support the Dawson/Haggas merger.

"We like Dawson in its present form and do not particularly want to see it diversify," Mr. Field said. "We did not *think*, therefore, that we could recommend either the merger or the terms.

"It's been our intention *for* some time to make a bid for Dawson but I've been holding back because I would have liked to get the Dawson board's recommendation."

Baird *said earlier it intended* to operate Dawson as a cohesive unit under its present name, using the same management and plants. There would be no redundancies, and all employees' rights would be safeguarded.

Results Page 21

Continued from Page 1

Healey warning on 'D-mark zone'

to stand apart from the scheme, if necessary.

Britain accepts that the Community will have to make a final decision on the new system by early December.

But there are fears that a new European regime could reduce the authority of the International Monetary Fund in conducting surveillance over exchange rate and balance of payments policies at a time of considerable monetary instability in the world.

In this respect, as well as on growth, the U.S. position, outlined in Washington yesterday by Mr. Anthony Solomon, the Treasury Assistant Secretary for monetary affairs, is not dissimilar to the British view.

There is a shared concern that "a European Bretton Woods," as President Giscard has described it, would make some European countries less willing to support expansion of the IMF's resources through an increase in quotas or an additional allocation of special drawing rights.

It is acknowledged that the two systems could be complementary, as was the case two years ago when Italy drew from both the IMF and from existing Common Market medium-term credit facilities. But the evidence is thought to be inconclusive, as German and Dutch opposition to increases in the IMF's resources remain a worrying factor.

Grand Met link with Savoy

BY ARTHUR SANDLES

GRAND METROPOLITAN Hotels hopes to co-operate with the Savoy Hotel Group in marketing and buying. This follows a deal resulting from personal negotiations between Mr. Maxwell Joseph, Grand Met chief executive, and Mr. Victor Matthews, Trafalgar House's deputy chairman and chief executive, under which Grand Met is to pay £5m for 23 per cent of Savoy stock, formerly held by Trafalgar House.

Grand Met. is buying 6.4m Savoy "A" shares from Trafalgar House at 75p a share, and 84,076 "B" shares, probably for about 340p. The Savoy's complex voting structure means that Grand Met. *will have some 15 per* cent of the votes: less than a third of that normally assumed to be behind Mr. Hugh Wontner, the Savoy chairman.

Trafalgar House has held its Savoy stock for nearly eight years, but last night Mr. Mathews said that nof that Trafalgar had its own luxury property, the Ritz, it has lost interest in the Savoy. "We have all the hotels we want at the omment."

The Grand Met. purchase comes at a moment when London hotels are completing one of their busiest seasons. Luxury properties are said to be doing particularly well, and several large U.S. chains have been eager to break into the market.

For the moment, however, Mr. Joseph has simply indicated that he is eager for closer trading ties with the Savoy. Apparently eager to dispel any image of Grand Met. as a down-market hotel operator, he said last night that the company "already owns two of the finest hotels in Europe, the Carlton in Cannes and the Amstel in Amsterdam."

He added: "There is no doubt that if we were able to set up a joint marketing and buying operation, the benefit would be of considerable value to the two organisations and to shareholders and staff alike."

Officially the Savoy was declaring only a mild interest in the deal and avoiding comment on possible implications. Rival hotelier Sir Charles Forte (Trust House Forte) said he was not surprised by the arrangement. "We have all known the shares have been on the market for some time." He said the Savoy's apparent unwillingness to sell to anyone *had* deterred THF. "I have never attempted to do a deal with someone against their will."

Men and Matters Page 18

Continued from Page 1

Davy expansion

Earnings for the three months ending in June declined for the third consecutive quarter, and U.S. analysts do not hold out much prospect of the company matching last year's net profits of \$8.1m (£4.1m) or \$2.54 a share on sales of \$725.4m (£366.2m). At \$550m McKee's order book at the end of June was a little over half its \$1.05bn value a year earlier.

McKee is incorporated in Delaware and under state law Davy is required to wait 20 days before mounting its tender offer. McKee has been selling recently at an above average price/earnings ratio which may be part of *the reason why Davy is paying* an above average price, 16.5 times anticipated earnings.

But McKee's financial position is strong, with a debt total at the end of last year of \$7.1m (£3.6m) and a net worth of \$49.6m (£25m).

McKee will retain its name and present management under the *agreement, which brings* to four the number of Davy subsidiaries operating in the U.S. The others are Davy Power Gas; Hallanger Engineering; and Olsen Inc.

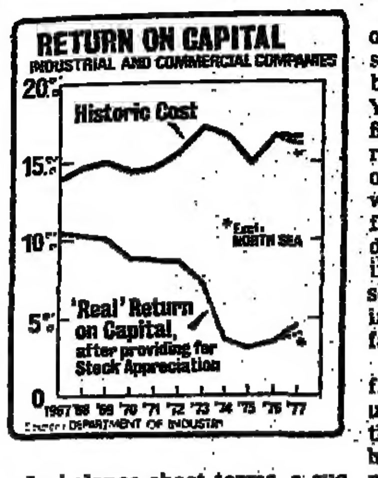
The finance for the deal is to be supplied through Eurodollar loans from Davy's bankers. But Davy intends to refinance the aquisition in various so far undecided ways once it has gone through.

In the London stock market yesterday Davy shares were little changed on the news, ending 1p up at 297p.

THE LEX COLUMN

Davy fulfils its U.S. ambitions

Index fell 3.4 to 525.7



At last Davy looks to have found a vehicle for expanding its presence in the U.S.—a long-cherished ambition that survived the frustration of failing to acquire Kaiser Engineers a couple of years ago. The £55m bid for McKee will transform the scale of Davy's operations: the U.S. company's turnover, recently over \$700m a year, is comparable with Davy's own, even if McKee's profitability, as a pure contractor without manufacturing interests, is much lower.

Davy's record with overseas acquisitions is good, but McKee is going through a dull patch at present and a substantial improvement in its earnings is unlikely in the short-term. Davy's offer of \$33 a share represents a premium of 33 per cent over Tuesday's market price and a historic p/e ratio of 13. McKee has net assets of £25m against Davy's £81.4m.

Given the expansion of Davy's equity base since its share issues for Head Wrightson and, in part, for Herbert Morris, the financing presents few problems. Davy's bankers are suggesting a back-to-back currency swap as a method of re-financing the initial eurodollar loan. Davy showed bank balances, deposits and bonds of £73.9m in its last balance sheet but this figure is not broken down between its own cash and progress payments from customers.

The merger could cut the level of Davy's UK-based turnover to something under 30 per cent while putting it squarely among the world's biggest contractors, about on a par with Foster Wheeler. Even for a firm with Davy's growth record *it is a bold step.*

Baird/Dawson

William Baird's intervention in Dawson International's planned merger with John Haggas is an ambitious example of financial brinkmanship. Baird is capitalised at £31m, and its underwritten offer for the Dawson shares which it does not already own is also worth £31m.

If it succeeds, Baird will substantially improve its profits per share and cash flow, and still have a reasonable balance sheet. Dawson's profits are likely to be lower this year, but they would have to slump by a third or more to present dilution problems. As for cash flow, Baird's current investment in Dawson is worth over £10 and, thanks to dividend controls, is yielding under £½m.

In balance sheet terms, a successful bid would involve about £12m of goodwill, but it would *still* leave Baird with net tangible assets of about £31m and net borrowings of maybe £13m. Dawson has a lot of cash.

If the bid fails—and the odds must be against it at present—Baird will at least have delayed the Haggas deal, which it does not like, and will probably be getting a much better return on its Dawson shares. The latter could raise its payment five-fold in a bid defence without too much strain.

A potential yield in double figures at the bid price is one strong plank for the defence, and so is the sixth or more of the share capital which the directors can swing against it. Given the relative size of the two companies, Baird could hardly improve much on its initial offer without putting the skids under its own shares.

Company profits

This week's second quarter GDP figures underline the continued sluggish trend in corporate profitability, a fact that has been borne out by recent company results. However, after stagnating for nine months company profits now seem set to accelerate. Phillips and Drew are forecasting a growth of over 20 per cent in the second half of 1978 and Simon and Coates are talking of an improvement of between 15 and 20 per cent in the current year.

Although sterling has strengthened against the dollar since the start of the year, it has depreciated by just over 3 per cent on a trade weighted basis and this will undoubtedly boost company profits. In addition, the rise in domestic output will help margins, although it will be offset to some extent by higher wage dem...

The two other key indic... of the health of the corp... sector are the figures on building and capital investm... Yesterday's revised figures firmed that industry's ... rose by around £1bn in ... of the first two quarters, while on the capital spe... front, there are signs the ... dustry is finally startin... invest more, with the re... second quarter statistics ... ing a rise of 6 per cent in ... facturing industry investm...

Judging by the com... from the clearing banks ... upturn in capital spending ... the buoyancy of stock bu... has until recently been a... panied by an upsurg... industry's demand for ... This should be good new... the stock market. Howev... the latest statistics on ret... capital confirm, the real r... return of British indus... still running at half the ... achieved during the early ... and barely a third of the ... in the 1960s.

Delta

Interim figures from ... reflect the sluggish tre... the heartland of British ... try. Pre-tax profits for it... half of 1978 are 10 pe... higher at £14.72m. Admi... the profit improvement is ... greater on the UK side ... the pre-interest figure ... £1½m. But behind this ... story of cost cutting an... gish demand virtually ... across the board. Th... sign of an upturn has ... 3-5 per cent gain in ... volumes at the start ... year. This has been ... than maintained up to n... The picture is equa... inspiring on the oversea... Exports from the UK ... changed in value for t... six months, with Delta ... the strength of sterlin... tougher competition as t... factors. Of the overse... panies South Africa has ... in unchanged profits, a... performance of Brazil h... tinued to decline. Wit... forecasting that secon... profits "will compare... ably" with those of la... the market is expecting ... pre-tax profits of at lea... (£26.7m). At 80½p the... trade on a fairly de... fully taxed p/e of ab... but there is good suppor... 10 per cent yield.

Weather

UK TODAY

DRY AND sunny. Some rain in north.

London, SE., Cent. England, E. Anglia, Midlands.
Dry and sunny. Max. 22C (72F).

Channel Islands, SW England, S. Wales, E. Cent. N., NE. England.
Dry and sunny. Max. 20C (68F).

N. Wales, NW. England, Lakes, Isle of Man, Borders, SW. Scotland, N. Ireland
Mainly dry, cloudy. Max. 18C (64F).

Edinburgh, Dundee, Aberdeen, Moray Firth.
Sunny, some rain. Max. 19C (66F).

Glasgow, Highlands, Argyll, W. Scotland.
Cloudy, some rain. Mox. 17C (63F).

NE. Scotland, Orkney, Shetland.
Sunny, some rain. Max. 14C (57F).

Outlook: Similar conditions.

BUSINESS CENTRES

	Y'day mid-day	°C	°F		Y'day mid-day	°C	°F
Amstrdm.	C	16	61	Madrid	S	26	79
Athens	F	25	77	Manchstr.	C	16	61
Bahrain	S	35	95	Melbourne	C	17	63
Barcelona	S	24	75	Milan	S	20	68
Belfast	F	17	63	Montreal	C	21	70
Belgrade	F	15	59	Moscow	C	10	50
Berlin	C	14	57	Munich	C	10	50
Birmghm.	C	17	63	Newcastle	S	18	64
Bristol	S	19	66	New York	S	22	72
Brussels	C	18	64	Oslo	S	15	59
Budapest	F	14	57	Paris	C	18	64
B. Aires	S	22	72	Perth	R	17	63
Cairo	S	33	91	Prague	R	10	50
Cardiff	S	20	68	Reykjavik	R	11	52
Chicago	C	17	63	Rio de J'o	S	25	76
Cologne	C	16	61	Rome	S	24	75
Copnhagn.	C	14	57	Singapore	C	29	85
Dublin	S	20	68	Stockholm	F	11	52
Edinbrgh.	C	17	63	Strasbrg.	C	13	55
Frankfort	C	12	54	Sydney	S	16	61
Geneva	S	15	59	Tehran	S	30	86
Glasgow	C	16	61	Tel Aviv	S	28	82
Helsinki	C	7	45	Tokyo	C	23	73
H. Kong	S	29	85	Toronto	C	20	68
Jo'burg	S	24	75	Vienna	R	11	52
Lisbon	F	23	73	Warsaw	C	10	50
London	S	20	68	Zurich	F	13	54
Luxembrg.	C	13	55				

HOLIDAY RESORTS

Ajaccio	C	24	75	I. of Man	S	17	63
Algiers	F	26	79	Istanbul	C	17	63
Biarritz	S	20	68	Jersey	S	17	63
Blackpool	C	16	61	Las Plms.	S	28	82
Bordeaux	S	19	66	Locarno	S	19	66
Boulogne	S	17	63	Majorca	S	26	79
Casablnca.	C	24	75	Malaga	S	26	79
Cape Town	C	16	61	Malta	C	23	73
Corfu	R	20	68	Nairobi	C	20	68
Dubrovnik	S	18	64	Naples	F	19	66
Faro	C	26	79	Nice	S	23	73
Florence	S	22	72	Oporto	S	29	84
Funchal	S	24	75	Rhodes	S	25	77
Gibraltar	F	24	75	Salzburg	C	8	46
Guernsey	S	17	63	Tangier	S	29	84
Innsbruck	R	10	50	Tunis	F	25	77
Inverness	C	16	61	Valencia	F	27	81
				Venice	F	16	61

S—Sunny. F—Fair. C—Cloudy. R—Rain.

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